

The NATIONAL UNDERWRITER

Life Insurance Edition

THE EXECUTIVE WHO STOPS TO THINK . . .



Knows that "10% for War Bonds isn't enough these days"

Workers' Living Costs going up . . . and Income and Victory Tax now deducted at source for thousands of workers . . .

Check! You're perfectly right . . . but all these burdens are more than balanced by *much higher FAMILY INCOMES* for most of your workers!

Millions of new workers have entered the picture. Millions of women who never worked before. Millions of others who never began to earn what they are getting today!

A 10% Pay-Roll Allotment for War Bonds from the wages of the family bread-winner is one thing—a 10% Pay-Roll Allotment from each of several workers in the same family is quite another matter! Why, in many such cases, it could well be jacked up to 30%—50% or even more of the family's new money!

That's why the Treasury Department now urges you to revise your War Bond thinking—and your War Bond selling—on the basis of family incomes. The current

War Bond campaign is built around the family unit—and labor-management sales programs should be revised accordingly.

For details get in touch with your local War Savings Staff which will supply you with all necessary material for the proper presentation of the new plan.

Last year's bonds got us started—*this year's bonds are to win!* So let's all raise our sights, and get going. If we all pull together, we'll put it over with a bang!

This space is a contribution to America's all-out war effort by

The NATIONAL UNDERWRITER



you've done your bit
... now do your best!



FRIDAY, JULY 30, 1943

Your Clients and Prospects Will Want Copies of the PENSION TRUST RULES AND REGULATIONS

EVERY ONE of your clients and prospects will want a copy of the Pension Trust Rules and Regulations published in the July 16 issue of The National Underwriter.

Our supply of extra copies of The National Underwriter has been exhausted and as we are getting numerous requests in every mail we have decided to reprint this material.

This eight page reprint (National Underwriter page size) contains:

1. The report on Page 1 in the left hand column headed "Long Awaited Pension Trust Regulations Issued". This contains the statement issued by Internal Revenue Commissioner Guy T. Helvering.
2. The report "Commissioner Is Given Much Latitude" in the second column on Page 1.
3. The complete text of the regulations given on Pages 2, 18, 19, 20 and 24 PLUS the text of the law inserted in proper position which was omitted from The National Underwriter.

Widespread interest is being shown in these regulations and employers will appreciate getting copies.

Order a supply today.

PRICES

1 to 24 copies, each.	\$0.20
25 copies	3.75
50 copies	6.00
100 copies	10.00
500 copies	40.00
1,000 copies	70.00

THE NATIONAL UNDERWRITER

175 West Jackson Boulevard
Chicago 4, Ill.

Send us copies of "Pension Trust Rules and Regulations" reprint costing \$..... () Enclosed is check.

Name

COMPANY

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N.A.L.U. Reports Membership Gain for Fiscal Year

**Total Now Stands at 29,274,
Despite Loss of Many
Thousands to Service**

NEW YORK—With 193 local associations, 24 state associations, the District of Columbia and Hawaii exceeding or equaling their last year's membership totals, the National Association of Life Underwriters closed the 1942-43 fiscal year with a total membership of 29,274, a gain in paid membership over the previous year, although several thousand who were active members last year and the year before are now in service. Twelve new or reinstated associations were added to the rolls during the year to bring the total number of local associations in the United States and Hawaii to 370.

The Chicago association regained its position as the largest local association in the country, with New York in second place. The next five largest local associations in order are Pittsburgh, Los Angeles, Boston, Philadelphia and Cleveland.

Arizona, Arkansas, California, Florida, Idaho, Iowa, Kentucky, Maine, Michigan, Minnesota, Montana, New Mexico, North Carolina, North Dakota, Ohio, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, West Virginia, Wisconsin and Wyoming showed increases over 1942, as did the District of Columbia and Hawaii, both of which showed good gains. Kentucky showed the largest percentage of gain among the states. Kentucky, South Carolina and Vermont recorded increases for every local association in those states. The five top states in order of numerical strength are Pennsylvania, New York, Illinois, Ohio and California.

In his announcement President Grant Taggart congratulated Wilbur W. Hartshorn, Metropolitan, Hartford, N.A.L.U. membership chairman, and his committee on their outstanding accomplishment. Regional chairmen are F. B. Alberts, Aetna, Hartford; C. C. Jones, Connecticut Mutual, Buffalo; P. B. Rice, Equitable of Iowa, Harrisburg; James P. Graham, Aetna, Baltimore; F. P. Sessions, Union Central, Spartanburg; W. L. Dean, Life & Casualty, Jacksonville; E. T. Proctor, Northwestern Mutual, Nashville; H. S. Stout, John Hancock, Dayton; F. A. Schnell, Penn Mutual, Peoria; W. K. Niemann, Bankers Life, Des Moines; Ralph Hester, Pan-American, Jackson, Miss.; H. J. Gilbertson, Penn Mutual, Fargo; T. B. Reed, Great Southern, Oklahoma City; J. P. Costello, Southwestern Life, Dallas; J. M. Olsen, Pacific National, Cheyenne; C. L. Morse, Phoenix Mutual, Seattle, and C. E. Cleeton, Occidental, Los Angeles.

Va. Hearing on Fidelity Aug. 16

RICHMOND—A hearing on contested claims against the Fidelity Assurance of Wheeling, W. Va., will be held in Richmond, Aug. 16. According to Alexander W. Neal, Jr., Virginia receiver, claims outstanding in Virginia amount to \$512,000. It is planned, he said, to pay each contract holder between 70 and 75% of his contract's cash surrender value.

Service Insurance Shown by Theaters

**Work Is Decentralized;
Amounts and Policies
Increase Substantially**

WASHINGTON—Each of the nine service commands has now been staffed with a full-time insurance officer from the adjutant general's department, army service forces, to handle the field work connected with the National Service Life Insurance program, while a special unit of insurance officers is touring the European theater of operations to clarify the functioning of this service to army personnel, the War Department announced. The work thus has been decentralized.

The growing extent to which soldiers are availing themselves of the insurance protection is revealed in the fact that, as of May 31, over 90% of the soldiers in the continental United States, Alaska, northwest Canada, the Caribbean and South Pacific are National Service Life policyholders, compared with 68% on May 31, 1942. Comparative statistics for the European theater are not yet available. The average amount per man on May 31 was \$8,000, compared with \$4,805 the year before.

The most complete coverage as well as the largest average amount per man is in the South Pacific, where 98.6% of the personnel hold policies averaging \$9,202.

The latest tabulation, broken down by commands and theaters, follows:

Service Commands	Percentage Insured	Average Per Insured
First	85.0	\$7,903
Second	88.5	7,662
Third	93.7	8,315
Fourth	88.8	8,003
Fifth	90.3	8,121
Sixth	90.0	8,370
Seventh	91.5	8,579
Eighth	90.1	8,253
Ninth	82.5	7,376
Mil. Dist. of Wash.	80.3	6,950
Alaska Defense	89.3	7,859
Caribbean Defense	85.0	6,700
Northwest	79.4	6,600
South Pacific	98.6	9,202

An interim report received by radio from the Hawaiian department shows 97% insured for an average of \$9,513 per insured as of June 25, 1943.

An extension of time until Aug. 10 was authorized within which men in the service could take out service protection without medical examination. Officials say they understand that members of the organized WACs, subject to physical examination before enlistment, will be eligible for National Service Life Insurance on the basis of that examination.

Extend Congratulations to Murrell Brothers



W. L. Murrell



T. G. Murrell

Congratulations and good wishes were extended to Lt. Col. W. L. Murrell and Comm. T. G. Murrell when they spent a day of their leaves at the home office

Opposes Talk of Compulsory Saving

**Col. D'Olier Says It
Hurts Life Sales; Mor-
genthau in Agreement**

WASHINGTON — Col. Franklin D'Olier, president of Prudential and chairman of the New Jersey war finance committee, objects to the present discussion of a possible compulsory savings plan because it tends to interfere with payment of life insurance premiums and the voluntary purchase of war savings bonds, thus contributing toward inflation.

Col. D'Olier expressed his views in a letter to Treasury Secretary Henry Morgenthau, and his letter and Mr. Morgenthau's reply were made public here following a conference between the two men and Treasury war loan officials.

Hurts All Savings Media

Mr. Morgenthau agreed "that discussions at this time about forcing people to lend a given amount of money to the government can prove very damaging not only to the sale of war bonds but to all other savings media. I feel also that the discussion is especially unfortunate at this time because there is no indication that it will be necessary or wise to adopt compulsory savings as a government policy." In fairness to the millions of patriotic Americans who are supporting the voluntary system, Mr. Morgenthau stated, serious discussion of a compulsory plan should be postponed until the country is faced with some need to make a decision. He added that one of the great advantages of the present voluntary method of selling war bonds is that it is "flexible enough to permit bond buyers to continue meeting vital commitments for life insurance, mortgage payments, and other non-inflationary investments, at the same time digging deeply into funds not needed to meet such requirements."

Shouldn't Discourage Voluntary Savings

"All voluntary savings where the proceeds are ultimately invested in government bonds," Col. D'Olier stated, "are very powerful anti-inflationary forces and nothing should be done to discourage such savings."

"One of the great weaknesses of a compulsory savings plan is its lack of flexibility," Mr. Morgenthau wrote. "To get from a compulsory savings plan as much as we can get through the voluntary method, would bear with crushing weight on those with fixed incomes and heavy commitments, who are least able to afford it. That is one reason people who have such savings should support the voluntary method to the fullest extent."

Parker Completes Texas Tour

Lee N. Parker, Chicago, president American Service Bureau, has completed a tour of the Texas offices of the bureau at Galveston, Houston, San Antonio, Austin, Waco and Dallas.

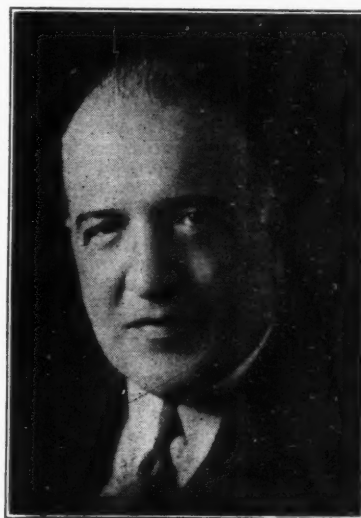
of Mutual Benefit Life at Newark. Lt. Col. Murrell, assigned to the adjutant general's department in Los Angeles, has recently received a promotion in rank, and Commander Murrell, who has been serving in the Navy department in Washington, expects to be assigned to active sea duty shortly.

The Murrell brothers are on leave of absence from their general agency of Mutual Benefit for Los Angeles and San Francisco.

Record Sales Total Attained in 84th Anniversary Drive

**Equitable Society Agency
Heads in New York
Hold Celebration**

NEW YORK — Equitable Society celebrated its 84th anniversary Monday with a luncheon for general agents and managers of Greater New York who participated in the 84th anniversary campaign which ended July 21 with a total of \$9,261,214 business written.



W. J. GRAHAM

New applications totaled 1,372 and 256 agents qualified in the campaign.

The Herzberg agency ranked first in volume with \$1,140,599. Jack Davis, leading agent, wrote \$301,400 new business. Leon Gilbert Simon led in number of cases closed, which was 25. The next four leading agents in volume were E. Mueckenheim, Sundelson agency; N. C. Strong, Miner agency; Mr. Simon, Ford agency, and D. A. Freedman, Rosenstein agency.

Graham Represents Officers

Vice-president W. J. Graham extended greetings and appreciation of the officers for this record. He said the performance of the last month speaks for itself in showing what a well organized effort can do. He paid special tribute to General Agent L. A. Miner, president of the New York board of managers, who in turn thanked Milton Herzberg, campaign manager, and A. V. Ott.

Mr. Graham observed that while some life insurance officials wondered what effect the new payroll deduction tax plan would have on life insurance sales, the results of the past month have proved that the product life insurance has to sell, which is security, is the most popular commodity of the times. He said Equitable has \$8,196,261,870 in insurance in force, a gain of \$230,000,000 over the first six months of last year. There are 488 members of Equitable in the armed forces.

He said Equitable is equipped with a fine organization that has closed ranks and pushed on ahead of last year's record despite the decrease in the sales

(CONTINUED ON PAGE 17)

Comfort and Decency Protection Best Counter to Federal Menace

By BERT A. HEDGES

Manager Business Men's Assurance, Wichita, Kan.

How many cases does the average ordinary life underwriter in the \$100,000 or even \$250,000 or \$1,000,000 class close in a year? How many policyowners does he have after five, 10 or 20 years in the business? What portion of his time does he give to enrolling new policyowners and thus extending the service of private life insurance to the millions of his fellow countrymen who need it?

I confess, very frankly, that I do not know the answer to my own questions. I do not recall every seeing any statistics on the subject. True, we boast of over 65,000,000 policyowners in these United States but these figures include industrial and group departments as distinguished from what we choose to call the "ordinary."

However, after over 20 years in the business I am going to venture a guess that very few of the so-called successful "ordinary" life insurance agents add 100 new policyowners to their clientele in a year's time. I will go even further and say that less than half of them can count 50 new clients a year. I know of one extreme case, a million dollar producer, who had only 13 sales in the year in which he qualified for the "round table." I have remarked that that particular man might better be described as the financial adviser to a few wealthy clients rather than as a life underwriter.

Ordinary Field Is Vulnerable

Today we are confronted by ominous attacks from "starry-eyed dreamers" in high places of authority who, on the ground that private life insurance has failed in its job of guaranteeing freedom from want, would have the government take it over. While I do not for a moment concur in this contention, I must admit that we in the ordinary field have certainly made ourselves vulnerable to such an attack.

I wonder if, instead of speaking more or less patronizingly of the industrial man, we should not take a few tips from his example. Incidentally it would seem that if we continue on our present road, the industrial man will have a good portion of what we have considered "our business" anyway. Look at the recently published figures which show that, during the past few years, industrial men have increased from 25% to 40% their share of the total volume of "ordinary life" insurance sales.

Maybe that's a perfectly logical and desirable development. Certainly, I would not for a moment criticize the industrial men for writing an increasingly large volume of ordinary life insurance. More power to them. But there are plenty of fathers and mothers, sons and daughters, whom nobody is selling the protection they both need and can pay for. If this isn't true, then we have certainly been kidding ourselves and the public for it would indicate that only a rather small percentage of our population can buy any life insurance beyond the industrial or group "doctor-nurse-undertaker" needs.

Millions Not Being Sold

At least, there are millions of people supporting themselves and their families whom we of that proud self-labeled "professional life underwriter" group are not selling. And, as long as we continue to consider "one-a-week" and 50 to 75 sales to both old and new clients in 12 full months to be a reasonable

achievement, we are not going to do much towards establishing the institution of private insurance as the best method of protecting Mr. John Q. Public and his family against the hazards of death, disability or old age. The inevitable result must be increasingly strong demands for the further extension of social security to include government insurance for all.

I've often wondered why somebody doesn't come forth with a suggestion that "social insurance," including hospitalization and sickness benefits, be handled on a basis similar to workmen's compensation and employer's liability insurance. As I understand the latter, the various state laws practically require an employer to assume and, in most instances, to insure, certain fixed liabilities surrounding occupational injuries. This insurance is placed with a private insurance company which must accept it under certain fixed conditions. I also understand that most companies do not like this type of risk but I assume they prefer to handle it rather than to have the state go into the insurance business.

Would Require "Off-Duty" Protection

Why couldn't similar rules be made requiring each employer to furnish protection for "off-duty" or non-occupational hazards through group insurance to be placed with the private company or companies of his choice? We read and hear a great deal nowadays about why we should oppose the Beveridge plan and its American counterpart but I've yet to hear or read any suggestion of any substitute offered by private companies for such wholesale community coverage by private enterprise. As I have suggested, there is undoubtedly a large field of needed protection which neither we ordinary nor industrial underwriters are reaching. Such a condition is bound to result in increasing pressure for some extension of social insurance.

But whether such extension comes through federally devised and operated "compulsory insurance" or through some form of compulsory group insur-

ance, placed through private companies, I do not believe it should noticeably affect the problem of the ordinary life underwriter, provided it is kept at a subsistence level, as it should be. As a matter of fact, we actually have about that sort of situation when we approach a prospect who is already covered by group insurance through his employer. In our town of Wichita, over half our business, including both accident and health and life insurance, is sold to war industry workers who already have group life, accident and health and hospitalization insurance. But the life insurance is only \$1,000 or \$1,500 (clean-up) and the disability benefit is \$10 to \$15 a week (subsistence level). Of course, they also have old age insurance (social security). This leaves us a wide open opportunity to sell them additional protection for that "comfort-and-decency" level which every man or woman of ambition and self-respect wants.

Field of "Decency" Insurance

In other words, here is the only prospect for the ordinary life underwriter anyway—the man or woman who wants more protection than the law would require him to provide. We never have and never will sell much private insurance to the man who has to be compelled to protect his family. Given our kind of prospect and he will still want to do more for himself and family than the law requires.

Unfortunately, there are today millions of such Americans who should and would buy adequate "decency" insurance who are not being reached by either ordinary or industrial agents. I have no specific statistics to back up this statement but a little simple arithmetic should suffice to prove this point. Look at the total number of adult American males registered for selective service, add the millions of women workers and compare the totals with the number of ordinary life policies in force and sold each year. Keep in mind, too, the greatly increased purchasing power of these Americans and the decrease in quantity of things to

be bought. Then, if you are still curious about how well we ordinary men are doing our job, remember that we sold only 60% of the ordinary business last year, industrial agents having accounted for the other 40%.

What's the Answer?

Well, I'm only one of many thousands of life underwriters. I represent only one company which is not one of the "Big 10." If I were smart enough to know all the answers I'd probably be set up some place with a big office staff just telling other folks how to do their jobs.

And so I'm just going to "take down my hair" (what little I have left) and make a few suggestions which I hope will start some discussions or arguments. Here are a few things I think can and should be done by each individual life underwriter and by all companies.

(1) Never grow out of the \$1,000 policy class. It represents \$30 a month, \$1 a day (rent or groceries) for about three years for a widow. If she already has, through social security or otherwise, a "subsistence" income, it means decency and self-respect for three years anyway. And, incidentally, it should be sold that way, i.e. at \$30 or \$40 a month. I never could understand just why it is important to work out elaborate programs to conserve a \$10,000 or \$100,000 estate, but not worthwhile to take simple measures for conserving the "widow's mite." That attitude is a good deal like saying that if I am down to my last \$10 I needn't take any particular precautions about making it last as long as possible, but if, on the other hand, I have \$10,000, I must surround it with every safety or protection device known to man.

Protect Little Fellow First

I feel that any life underwriter who has grown too big to solicit and serve the little fellow because he can make ten times as much by specializing on "program" and "business" cases is just as unworthy of his profession as is the

(CONTINUED ON PAGE 10)

Jefferson Standard Life Makes Several Promotions



M. A. WHITE



RALPH C. PRICE



KARL LJUNG

A number of executive promotions have been made by Jefferson Standard Life. The appointments include Ralph C. Price, vice-president, who has been made executive vice-president; R. B. Coit, actuary 30 years, vice-president;

D. E. Buckner, associate actuary, vice-president and actuary; M. A. White, agency manager, vice-president; Karl Ljung, assistant agency manager, agency manager, and J. M. Bryan and Howard Holderness, vice-presidents, who were

elected members of the executive committee.

Insurance in force June 30 was \$485,000,000, President Julian Price reported. A regular dividend of 40 cents a share was declared.

Praises Soundness of Pension Trust Regulations

General Agent Josephson Comments on Intelligent Steps Taken

NEW YORK—Halsey D. Josephson, general agent of Mutual Benefit Life, in Brooklyn, comments interestingly on the new pension trust regulations issued by the Treasury. He has successfully written a number of pension trust cases and has made the field a sort of special hobby. He regards the new regulations as the first really intelligent step taken by Washington in connection with pension trusts and considers the basic point of view from which they were drawn up as sound, decent and "right as rain." Services of a well informed, independent actuary were retained by the department in preparing the regulations, he said.

Interest in Persistency

Washington now is interested in the same factors affecting persistency that life companies have been worried about. If the surrounding factors indicate early termination of the trust, the plan will not be acceptable to authorities. The regulations impose severe penalties on the corporation which terminates a pension trust within the first few years from inception for any other than sound business reasons.

One of the things that make the regulations so difficult to comprehend is that the department, in drawing up the regulations, based its material on a law which it did not promulgate. It adapted the law to its own point of view, which was not too sympathetic with the law itself. Confusion also comes from the fact the people who drew up the regulations didn't possess a knowledge of the mechanics to express their point of view properly. Very obviously, he stated, they were trying to eliminate that type of plan which was designed purely for purposes of tax evasion and wanted to deal liberally with those plans honestly called employee pension trusts.

Plan Not Transitory

Mr. Josephson said pension trusts are here to stay. Perhaps the whole future of life insurance is based on pension trusts and outgrowths of pension trusts.

The business wants the regulations basically solid and clean, although they may hurt at the start. However, the department could not make a sweet smelling flower out of an old weed. There is still room for some things that should be disallowed. The situation will be entirely cleared only when Congress has the same point of view as the department, which took a bad law and tried to make something good out of it. In time, the law will be remedied and regulations as difficult as the current one no longer will be necessary.

The law did not eliminate basic abuses which arose with the development of pension trust plans. The revenue department tried to eliminate abuses while staying within the limits of the law.

Past Service Cost Stressed

The outstanding feature is the breakdown of the total contribution by a corporation into terms of "normal cost" on one hand and "past service costs" on the other, Mr. Josephson said. This will result in claiming a portion of the deduction under (iii) instead of under (ii); in short, the commissioner is in-

(CONTINUED ON PAGE 17)

New Pension Trust Division Opened by Equitable, N. Y. Ohio Action Taken in Issue Over Part-Time Agents

NEW YORK—Equitable Society has broadened its facilities for handling pension trusts designed for situations where such contracts will best serve the employer-employee interests, notably where group insurance coverage is not available, according to Vice-president W. J. Graham.

A pension trust division has been established in the agency department at the home office under the direction of second Vice-president Bushnell, who has forwarded available material, such as applications, specimen policy forms, rate leaflets, and the like to all agents. The Equitable manual of procedure also has been sent out.

Enlarges Underwriting Facilities

In detail, Equitable is prepared to offer underwriting facilities which could cover all lives under consideration for the pension trust irrespective of their separate insurability, under:

1. A contract called the retirement plan endowment policy.
2. A new retirement plan annuity contract which is available for pension trusts only and can be issued on those not eligible for the retirement plan endowment policy by reason of age or uninsurability.

Field Only for Specialists

The intricacies and conditions of the pension trust business are such as to limit profitable operation in this field to relatively few agents. No Equitable agent is advised to specialize in this field since experience indicates that this class of business, like group insurance, is properly a plus field for qualified agents. Agents not qualified through experience or natural affiliation in the

Alleging that the Ohio department has refused to license George C. Lewis, an employee of the Youngstown board of education, and S. S. Stechschulte, an employee of the Westinghouse Electric & Manufacturing Co. at Lima, as part-time agents, because their employers have refused to let them receive callers, answer telephone calls and leave their places of business to service policyholders, Farm Bureau Life and Farm Bureau Automobile have sued Superintendent Crabbe to prevent him from enforcing his part-time ruling. Some time ago Farm Bureau Life and two other insurers filed suit against the department to prevent enforcement of the part-time order, but a restraining order was denied. No agents who had been refused part-time license were named in the petitions.

Further Rulings Considered

WASHINGTON—The taxability to the employee of the insurance feature of pension trusts is to be the subject of further ruling by the Internal Revenue Bureau, according to information here.

The ruling would set out additional examples indicating what the department will approve or disapprove in pension trusts covering employees of certain salary groups or classes.

Plans may be outlined to cover employees receiving \$1,000 a year, \$2,000 or less, \$2,000 to \$3,000, etc.

pension trust field will be well advised to refer any occasional prospects to their managers for arranging joint work with some one qualified to present a pension trust plan, the company's officers believe.

Life Companies Lose 79% of 18-37 Single Men

Results of War Manpower Survey Are Presented to McNutt

NEW YORK—There was a reduction of 79% in single men of service ages, 18-37, in life insurance home offices from Oct. 1, 1940, to March 1, 1943, according to a survey made on behalf of a joint committee on manpower of the National Association of Life Underwriters, the American Life Convention and the Association of Life Insurance Presidents. In ordinary field offices and in industrial offices the reduction of office personnel and full-time fieldmen among single men in the 18-37 age group was 80%. The results of the survey were reported to Chairman Paul V. McNutt of the War Manpower Commission.

For the purpose of the survey, 132 United States legal reserve life companies, representing 88.5% of the total life insurance in force, furnished data relative to their home office personnel and 102 companies, representing 83.4% of insurance in force, furnished data relative to their branch office personnel and fieldmen.

Home Offices Affected

In the home offices, where the reduction of single men of service ages was 78.9%, single men of such ages represented 10.9% of total staff on Oct. 1, 1940, and only 2.4% on last March 1.

In ordinary field offices, where the reduction was 80%, single men of service ages represented 11.1% of total office personnel and fulltime fieldmen on Oct. 1, 1940, and only 2.8% on March 1, 1943.

In industrial field offices, where the reduction was also 80%, single men of service ages represented 4.7% of total office personnel and full-time fieldmen on Oct. 1, 1940, and only 1% on last March 1.

The increase in employment of married women was 59.1% in home offices, 9.6% in ordinary field offices and 280.7% in industrial field offices.

Aggregates Are Given

Aggregates for home offices, ordinary field offices and industrial field offices reveal the following figures and ratios:

79.7% decrease in single men, 18-37, from 19,700 to 4,000, or 15,700 less.

40.0% decrease in single men, 38-44, from 2,500 to 1,500, or 1,000 less.

10.8% decrease in single men, over 44, from 3,700 to 3,300, or 400 less.

66.0% decrease in all single men, 18 and over, from 25,900 to 8,800, or 17,100 less.

24.2% decrease in married men, 18-37, from 49,900 to 37,800, or 12,100 less.

9.1% decrease in married men, 38-44, from 29,600 to 26,900, or 2,700 less.

7.0% increase in married men, over 44, from 46,000 to 49,000, or 3,200 more.

7.8% increase in total women from 67,600 to 72,900, or 5,300 more.

Reach Danger Point

"At some point," the survey states, "further withdrawals would seriously impair operations of the business and the rendering of necessary service to policyholders and beneficiaries as well as the conservation of policies already in force. This point has been approached."

The joint manpower committee of the three organizations consists of the following: Philip B. Hobbs, Chicago manager Equitable Society; Wilbur W.

(CONTINUED ON PAGE 18)

INSURED 62 YEARS

A Pennsylvania lawyer in 1876, at age 25, bought an Ordinary Life policy of \$5,000.

In 1938, at age 87, he died, after having paid 62 years' premiums. The gross premiums totaled \$6,404.60 in the 62 years, less dividends at \$2,844.78, with the result that the net premium cost to him was \$3,553.82. The net proceeds amounted to \$5,057.40—which included a post-mortem dividend of \$57.40. The last dividend, the post-mortem of \$57.40, amounted to \$5.75 more than the last gross premium.

It was originally provided that, instead of a cash lump sum payment, the widow was to receive \$173.50 semi-annually, subject to the right of commutation. But she herself was in her eighties, so she elected to have the claim paid in one sum, and have the use of the full sum rather than leave something for her estate.

After having had the protection of \$5,000 life insurance over a period of 62 years, \$1,503.58 more money was paid to the beneficiary than the policyholder had paid in.

THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY
Chairman of the Board

JOHN A. STEVENSON
President

INDEPENDENCE SQUARE, PHILADELPHIA

Ranks of C.L.U. Are Swelled to Total of 2,424

Add 160 as Result of June Examinations—Roster of Successful Candidates

Completion of all the C.L.U. examinations by 160 candidates in the June quiz of the American College held in 92 universities and colleges was announced, swelling the ranks of the 2,264 successful candidates of the past. The examinations in June were taken by 803 men and women.

Due to continued emphasis on the four-year program of study, only one person presented himself this year for all five parts in which the C.L.U. examinations are divided. Only 200 took the necessary parts to permit of completing the entire series of five C.L.U. examinations had everything taken been passed.

There were 500 candidates who were awarded credit for all examinations which they undertook and 41 others were given credit for passing one or more of the five examinations.

Now Have 2,424 C.L.U. People

As a result of this year's examinations, 2,424 agents have completed the entire series of examinations and several thousand others have credit for successful completion of some of the five parts, thus making a total well in excess of 5,000 who have demonstrated their knowledge in all or some of the fields of subject matter covered by the examinations.

Successful candidates also must meet certain age, moral character and educational prerequisites, and have at least three years of satisfactory life insurance experience in personal production, managerial, supervisory or teaching lines, and candidates for certificates of proficiency also must have three years satisfactory life insurance experience in types of work other than those recognized for the C.L.U. designation.

To Review Qualifications

Experience credentials of the 160 candidates who completed the examinations this year soon will be reviewed by the college's registration board to determine whether the experience requirements have been fully met and announcement of those who are to receive diplomas will be made early in September. Conferment exercises will be held in Pittsburgh Sept. 16 in conjunction with the annual meeting of the National Association of Life Underwriters. Subsequently, however, it is hoped special presentation exercises may be held locally under the auspices of C.L.U. chapters and life underwriters associations.

Five persons holding the C.L.U. designation were successful in completing the 1943 examinations in life insurance agency management, increasing the total number to 91, and will be awarded the special certificate therein at the same time that C.L.U. designations are presented. These are: M. F. Bingham, III, Massachusetts Mutual, Chicago; L. W. Brown, Reliance Life, Baltimore; H. W. Davy, Home Life, San Francisco; J. W. Lawrence, Prudential, Salt Lake City; Ingram Lee, Union Central, Dallas.

The 160 candidates who completed the entire C.L.U. examination series are:

Armstrong, C. R., Equitable Society, Westminster, Md.; Auslander, Daniel, Massachusetts Mutual Life, New York City.

Bailey, H. C., Metropolitan, Rochester, N. Y.; Barnow, D. H., Connecticut Mutual,

Penn Mutual Peoria Man Met British King, Queen

Lt. G. C. Caldwell, former agent in the F. A. Schnell agency of Penn Mutual Life at Peoria, Ill., had the interesting experience of meeting the king and queen of Britain.

Stationed in England, he was attending service in the royal chapel as guest of a member of the royal household, and there saw the king, the queen, and the royal princesses. After the service, while he was standing outside the chapel with the congregation, the queen walked along talking to girl ambulance drivers and convalescent soldiers. "When she saw the American uniform she came toward me," he tells in an interview in a Peoria newspaper. "She started to visit and continued to do so until my host turned and presented me to the king.

"I saluted again, and after answering a few friendly questions they left. She asked me if I was comfortable in the country where I was stationed, where my home was in the states, and welcomed me to England and wished me good luck."

Chicago; Barr, N. C., Prudential, Philadelphia; Bass, Irving, Northwestern Mutual, New York City; Batorson, S. A., Prudential, Peoria, Ill.; Beaver, R. J., Bankers Life, Fort Worth, Tex.; Bell, C. G., Knights Life, Rochester, Pa.; Bell, E. W., Metropolitan, Paterson, N. J.; Berger, R. C., Connecticut Mutual, Hartford; Biddle, J. K., Fidelity Mutual, Pittsburgh; Bissett, J. P., Northwestern Mutual, Harrisburg, Pa.; Blum, S. L., Metropolitan, Brooklyn; Bober, I. S., Metropolitan, Brooklyn; Bond, R. V., Equitable of Iowa, Elyria, O.; Brick, M. B., Metropolitan, Paterson, N. J.; Bristol, Jane S. (Miss), New York Life, Cincinnati; Brooks, S. B., Guardian Life, San Francisco; Brush, W. H., Fidelity Mutual, Wichita; Bryan, Pat, Jr., State Reserve Life, Fort Worth; Burch, R. L., Metropolitan, Charleston, W. Va.; Burghelm, N. H., Northwestern Mutual, St. Louis; Byrne, M. H., Metropolitan, Bloomfield, N. J.

Callaghan, Joseph, Metropolitan, Hempstead, N. Y.; Cassidy, A. R., Equitable Society, Miami, Fla.; Chadeayne, L. F., Metropolitan, Tarrytown, N. Y.; Chapman, L. W. S., Sales Research Bureau, Hartford; Chelgren, P. L., Mutual Trust Life, Eau Claire, Wis.; Churchman, J. A., Great-West Life, Chicago; Clark, D. H., Pacific Mutual, Birmingham, Ala.; Clark, W. E., Northwestern Mutual, Milwaukee; Cooper, R. C., Metropolitan, Englewood, N. J.; Cowles, C. D. Jr., Northwestern Mutual, Buffalo, N. Y.; Cressman, Paul, Metropolitan, Seattle; Curtis, A. H. II, New England Mutual, Boston.

Darling, J. G., Northwestern Mutual, Milwaukee, Wis.; Davies, G. R., State Farm Life, Bloomington, Ill.; Davies, M. F., Metropolitan, New York City; Dennison, R. S., Metropolitan, Framingham, Mass.; Devine, M. F., Metropolitan, New York; Dillman, H. A., Security Mutual, Lincoln, Neb.; Dolan, Edmund, Prudential, Butte, Mont.; Dugan, S. C., Prudential, Waukegan, Ill.; Dunbar, W. C., Northwestern Mutual, Fort Wayne, Ind.; Dunkak, W. H., Mutual Life of N. Y., Seattle.

Elgort, S. V., Metropolitan, Chicago; Erbe, W. J., Equitable Society, Tyler, Tex.

Fawer, William, Metropolitan, New York City; Fenn, F. T., Connecticut Mutual, Hartford; Fink, A. L., Metropolitan, New York City; Fisher, F. L., Lincoln National, Fort Wayne, Ind.; Fisher, W. G., Lutheran Brotherhood, Minneapolis; Florian, R. E., Penn Mutual Life, Toledo, O.; Ford, P. F., New England Mutual, Allentown, Pa.; Ford, R. N., Sales Research Bureau, Hartford; Fotheringham, T. W., Metropolitan, Ogden, Utah; Fowler, W. A., John Hancock, Omaha; Fox, F. R., Travelers, Waterbury, Conn.; Fraser, W. A., Bankers Life, Lincoln, Neb.

Gallant, G. S., Metropolitan, Paterson, N. J.; Gilbert, W. H. Jr., Prudential, Newark; Glass, Manuel, United Life & Accident, Hartford; Goldberg, M. M., Home Life, New York City; Goldberg,

(CONTINUED ON PAGE 18)

Cash Values Paid as Income Are Not Taxable as Annuity, Tax Court Holds

WASHINGTON — Life insurance policy proceeds, payable upon insured's election of an option to receive cash surrender values in equal installments over 10 and 20 years, respectively, cannot be taxed as annuities or the amounts so received treated as annuity payments, the United States tax court held. Its decision reversed a ruling by the internal revenue commissioner which had treated such payments "amounts received as an annuity" within the meaning of the tax statute. Amounts received from a life insurance or endowment contract under the revenue law are excluded from gross income in computing taxes except that any excess over the aggregate premiums shall be taxed.

George H. Thornley held policies in Berkshire Life and Phoenix Mutual. He surrendered the policies prior to maturity and elected among several options to receive cash surrender values in equal installments over the periods stated, payable either to himself or to his daughter in event of his death. The court held that Congress meant the phrase "amounts received as an annuity" to have the meaning customarily given or, "more particularly, to mean amounts computed with reference to the age and

sex of the insured, or payee, and with reference to life or lives."

The court pointed out that the other class of payments Congress had in mind which would not be taxable must mean amounts computed without reference to life, age or sex, not based on mortality tables, and in the calculation of which there enters no consideration of the possibility that the recipient will live out his expectancy. The option elected by Mr. Thornley stated the amounts to be paid should be computed without reference to these factors.

The commissioner, the court held, treated the transactions as if the proceeds had been paid to the policyholder in full at the time of surrender, which thereupon had been paid back for the purchase of annuities.

A dissenting opinion held that such increment is taxable since the policy agreements ended with surrender before performance of their terms. The contract for payment of surrender values was one "merely for the discharge by deferred installment payments of a fixed money obligation together with a stipulated added compensation for use of the money pending such deferments in payments."

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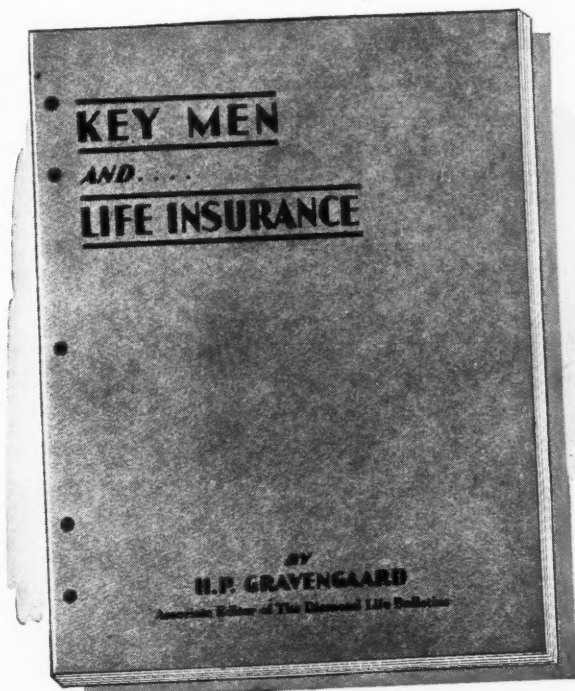
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Stabilization Ruling Stimulates Group A. & H. Sales

Not Wages or Salaries; Contributes to Employer-Pay-All-Trend

NEW YORK—The fact that accident and health premiums paid by the employer, whether on an individual or group basis, when the benefits go entirely to the employee or his family, are exempt from wage stabilization regulations and are deductible by the employer on his income tax as business expense, is an important factor in the employer-pay-all trend in accident and health.

A ruling by A. J. White, regional director wage and hour and public contracts division, National War Labor Board, New York, March 23, stated that group accident and health premiums paid by an employer are not within the definitions of wages or salaries as defined in the wage stabilization regulations. The case was Hydramatic Machine Corporation, Bronx, N. Y., which desired to insure its employees under group hospitalization, accident and health and life policies and is significant because for the first time it was stated "premiums on insurance on the life of the employee" may include not only life insurance, but also premiums for casualty lines.

Hydramatic Machine Case

In the Hydramatic Machine case, the president, vice-president, secretary and treasurer of the employer were insured for \$2,500 each under a group life policy and other employees were insured for \$1,000 each. On the same date, Jan. 7, 1942, a non-occupational group accidental death and dismemberment policy was likewise issued, to be effective as of Dec. 1, 1941, with employees all insured for similar amounts in Equitable Society. Premiums under both policies were payable solely by employer. The Hydramatic Machine company desired to extend the coverage through a policy written by John Hancock Mutual Life to include group accident, sickness, and hospitalization, with surgical benefits. The accident and sickness benefits ranged from \$10.50 to \$24.50 per week, depending upon the wages earned by the employee involved, for a period not exceeding 13 weeks during any one disability. The hospitalization benefits consisted of a \$5 daily benefit not to exceed 31 days during any period of disability, an additional \$25 benefit to cover hospital services while confined to hospital, and a maximum surgical operation benefit of \$150.

It was estimated that the total gross annual premium would not exceed 5% of total wages and salaries paid annually by employer for all four policies.

Employer Wanted Ruling

"The employer feels that the issuance of the policy of group accident and sickness insurance and a policy of group hospitalization insurance, including surgical benefits, will not constitute a wage increase requiring the approval of the War Labor Board or any other governmental agency having jurisdiction, but the employer desires a ruling with respect to this question before extending the group insurance benefits as aforesaid," Director White stated.

According to the ruling, "on the basis of the facts presented, providing the proposed group health and accident insurance premiums are deductible under Section 23A of the Internal Revenue

National, Vt., Has Agent Pension Plan

Approved by New York and Vermont; Effective This Month

NEW YORK—National Life of Vermont has inaugurated an agents pension plan to take effect this month which has been approved by the New York and Vermont insurance departments. Membership in the plan is optional. All agents under 65 are eligible who have been under full time contract for at least one year and have personally produced, paid for and delivered life insurance of not less than \$50,000 per year on the average during the past three years or since coming under full time contract, if less.

During the plan year which starts July 1, agent members deposit \$12.50 for each \$100,000 of business they have personally produced which was in force the preceding June 30 on a premium paying basis and was not more than 10 years old. The deposit is payable in 10 monthly installments from September to June and additional deposits may be made up to the amount of the regular deposit. Company contributions made each year are approximately 10% of the agent's renewal commission income.

Provisions of Plan

At retirement age the total accumulation will provide a \$50 refund monthly life annuity or the member may elect to receive an equivalent joint and survivor annuity. An agent may retire on July 1 not more than five years prior to his normal retirement date with the consent of the pension committee. Members may continue to solicit new business after retirement. In the event of death prior to retirement the accumulated deposits are paid to the beneficiary. If an agent's contract is terminated, his deposits are returned to him.

Past service benefits are payable as a uniform life annuity to those agents who have reached 65 and except for this fact, would be eligible for membership. Agents now in the armed services will be eligible for past service benefits upon resumption of their former positions. These benefits are provided wholly by the company.

Officials, Agents on Committee

Members of the committee that prepared the plan are Henry H. Jackson, actuary; Deane C. Davis, general counsel; D. Bobb Slattery, agency director; Robert P. Burroughs, New Hampshire general agent, and Robert O. Bickel, Cedar Rapids, Ia.

Code, you are advised that the premiums to be paid are not within the definitions of wages and salaries in Reg. Ft. 4001.1 of the economic stabilization director and therefore not within the purview of executive order 9250."

A ruling stating that premiums paid on accident and health policies for employees are deductible expenses on income tax payable by the employer has been obtained from the internal revenue bureau by H. F. Fishbeck, Mather & Co., brokers. Mr. Fishbeck is using the ruling in soliciting firms where he has not previously placed insurance and where there are a number of executives who are not covered by compensation insurance. Mr. Fishbeck points out the value of having this "24 hour coverage" on key men and suggests that the concern pay premiums on accident and health coverage for these men, showing that it is a deductible item for income tax to the employer, but employees will have to include the premiums so paid as additional compensation.

In many businesses today profits are such as to permit the employer to make such an expenditure. The employer

Negro Companies Interested in Many Current Questions

Vice-president R. M. Clark, Continental Assurance, Speaks Before Convention

Vice-president R. M. Clark of Continental Casualty and Continental Assurance of Chicago appeared before the executives seminar at the annual meeting of the National Negro Insurance Association in that city last week. He followed a rather unique procedure. He



R. M. CLARK
Vice-president Continental Assurance

stated that he did not have a prepared talk. He had some subjects concerning which he could speak but he expressed the opinion that perhaps he could be of most benefit to company officials by having them ask questions and if he were competent to answer them he would do so. Therefore he in a short time was visited with a veritable volley of questions and they continued for three quarters of an hour much to the instruction and edification of his hearers.

The Negro officials were particularly interested in the subject of investments. The question arose as to what percentage of a company's new funds should be invested in defense bonds. Mr. Clark took the position that in a broad way investments should be purchased to mature, for example, as the policies may be expected to mature. Many bonds

showing his appreciation for the work of his employees without violating the wage freezing order.

Mr. Fishbeck obtained a ruling from the collector of internal revenue in Brooklyn on a specific case involving a small closed corporation with three partners stating, "if the taxpayer is not the beneficiary of a policy, the premium so paid will not be disallowed as a deduction merely because the taxpayer may derive the benefit from the increased efficiency of the officer or employee insured. Under this provision the corporation mentioned by you would be entitled to the deduction."

The corporation purchased a policy for each of the three partners in question with a total premium of \$900. Mr. Fishbeck has sold a number of other smaller corporations on the same plan and experienced the biggest business in June and July he has ever had.

are maturing or called in and it is difficult to find new investments that are altogether satisfactory in the way of interest yield. In fact there is a loss on many accounts where a bond has been called because new bonds can be issued at a lower rate. When investments of various kinds are analyzed it will be found that the net yield is not much more than that of government securities.

Various Types of Bonds

Municipal bonds he characterized as out of sight. The ones that a company should buy are being sold at a high premium. They yield even less than so called war defense bonds. Utility bonds, he said, make a desirable section of a company portfolio and many issues are particularly good at this time but the yield is much lower than heretofore. There are also desirable industrial bonds on the market but their yield is also nothing like what was the case in days gone by.

Speaking of railroad bonds he said they can today be purchased to yield more than most other bonds of the same grade. Many railroads are in excellent shape at present and all of the Class I roads are making money. Almost without exception they have more business

(CONTINUED ON PAGE 19)



ON JULY 19, A GROUP OF 168 MUTUAL BENEFIT LIFE UNDERWRITERS BEGAN THEIR STUDY OF R & R'S BUSINESS INSURANCE COURSE.

FOR ELEVEN WEEKS the members will complete one study unit, mailing the questionnaires to Mr. Palmer's Division for correction.

THE PROJECT is being directed by the following committee: B. C. THURMAN, WALLACE N. WATSON, E. C. HAWES and GRANT A. SHARPE.

WHY IS THE MUTUAL BENEFIT taking so much interest in building a nucleus of producers trained in applying Life Insurance to business problems?

FIRST BECAUSE MR. KENAGY and his associates believe that the post-war period will see a tremendous industrial increase and second that the business man is being educated to accept business insurance a "must" in the same way he now accepts personal life insurance.

PAUL SPEICHER
Managing Editor
THE INSURANCE RESEARCH & REVIEW SERVICE
INDIANAPOLIS

Six Month Gains for Northwestern

In Force at High Point—Sales Up 39% for Quarter

MILWAUKEE — Despite disturbed general conditions due to the war, the results of operations in all departments of Northwestern Mutual Life were satisfactory during the first six months, President M. J. Cleary reported to the board of trustees at the annual meeting here. New all-time highs were reached in total assets and in the amount of life insurance in force.

An increase of \$50,669,031 since Jan. 1, brought total assets to \$1,576,393,974 as of June 30, a gain of \$94,851,140 since a year ago. Investments and other assets included bonds of \$1,149,280,055 at book value; mortgage loans, \$258,046,210; real estate, home office property and land contracts, \$41,895,040; policy loans, \$100,714,991, and, among other items, \$17,404,670 in cash.

"There have been no new defaults in our bond holdings," Mr. Cleary pointed out. "Approximately \$500,000 in interest was received on railroad bonds that were in default at the beginning of the year. There has been a very substantial increase in the market value of the railroad bonds that are in default, and heavy interest payments on them are expected in the last half of the year."

Invest in Government Bonds

During the first half year, Northwestern Mutual invested \$112,000,000 in bonds, including 56 millions in government securities. U. S. government, direct or fully guaranteed, state, county and municipals, and Canadian government, provincial and municipals now total \$554,300,000.

Regarding the farm picture, Mr. Cleary said: "The company's finance committee approved 418 farm sales during the first six months. The total acreage exceeded 88,000 and the sale price exceeded the asset value by over \$1,000,000. The asset account of farms owned was reduced by about \$4,000,000 in this period. The total number of farms unsold as of June 30 was about 800. Seven sales of city property with an asset value of about \$2,500,000 were also approved."

Sales Show Gain

New life insurance sales in the first half of this year amounted to \$103,037,962. The first quarter sales this year showed a decrease due to unusually heavy volume of sales in January and February, 1942. However, the sales for the second quarter this year are 39% ahead of the corresponding period last year, and July to date also shows a continued upward trend. There were also \$8,690,791 in revivals and additions, and \$3,794,377 in life annuities. As of June 30, total insurance in force was \$4,177,880,723 on 1,119,397 policies, an increase of \$73,363,712 since a year ago and a gain of \$51,437,736 for the six months.

During the first six months policyholders and beneficiaries received an average of \$2,300,000 in payments every week, for a total of \$59,488,708. All disbursements amounted to \$73,129,523, and included taxes of \$4,068,969, compared to \$2,887,185 for the same period last year; dividends to policyholders, \$17,718,566; and payments of \$22,772,968 on 5,857 death claims. Income was \$123,669,363, the principal items including premiums, \$74,902,569, and interest and rents, \$30,790,471.

"Our mortality resulting from the war is interesting," Mr. Cleary observed. "Since the outbreak of the war in Europe in 1939, there have been 371 deaths of policyholders in military service, involving insurance totalling \$1,486,-

752. Twelve civilian policyholders who lost their lives as a result of military action were insured for \$80,483, and six members of the merchant marine who died carried insurance of \$17,792. In addition, 107 policyholders with \$360,864 of insurance, were reported by the War Department as 'missing in action.'

"Notwithstanding the unusual conditions, mortality for the first half year was slightly better than the favorable mortality for the same period a year ago," Mr. Cleary stated. "Suicides were the lowest, both in number and amount of insurance involved, of any similar period for a number of years."

Gaumer Wins Honors and Trip to Pittsburgh

Alfred Gaumer, leading producer of California-Western States Life, has been selected to represent the company at the National Association of Life Underwriters meeting in Pittsburgh Sept. 12-16, in recognition of his outstanding record. He has been elected president of El Capitan Club due to leading all the company's agents in production of paid pro rata business in the past club year. He is a million-dollar producer although he is a comparatively new man

in life insurance. Mr. Gaumer entered the business with the company in 1940 at the age of 26. He has recorded 179 weeks in the App-A-Week Club with 179 applications, 39 months in the Ten-A-Month Club (minimum of \$10,000 paid pro rata), a renewal ratio of 91.6%, and has qualified double in the El Capitan Club each year he has been with the company. Gaumer is a member of the Sacramento agency and is located at Red Bluff, Cal.

The General Agents & Managers Association of Indianapolis has adopted a new code of ethics.



THIS BOOK

contains a variety of professionally-prepared advertisements, designed for use by our individual field underwriter in his local newspaper, over his own signature. The Company supplies the mats; the underwriter supplies the space.

Included in the book are big ads and little ads; ads directed to women, to farmers, to parents, to home owners... to all kinds of prospects for Life Insurance.

Mutual Life Underwriters are hailing this new Service as an opportunity to identify themselves, as well as the Company, in their home communities, and thus to capitalize locally on the Company's national advertising, now appearing in Life, The Saturday Evening Post, Collier's, Time, The American Home, and Better Homes and Gardens.

WHAT OUR FIELD FORCE SAYS ABOUT IT:

"This is what I call 'bang-up service'—excellent cooperation." *Chicago.*

"One of the best things the Company has ever done." *New York.*

"The new Mutual Life Advertising Service for Field Underwriters is something that I have been wanting ever since I started in the Life Insurance business." *Grand Rapids.*

"A very forward step." *Scranton.*

"The men were very much interested and enthusiastic about the idea." *Philadelphia.*

"The new Mutual Life Advertising Service is fine and I think the boys will really take advantage of it." *Des Moines.*

"Another good method for developing more good underwriters." *Chicago.*

"A good move on the part of the Company and should bring good results." *St. Louis.*

"The new Advertising Service for Underwriters is most attractive." *Richmond.*

"The men in the field should get splendid results from this method of building prestige." *Harrisburg.*

OUR 100TH
ANNIVERSARY
YEAR

THE MUTUAL LIFE

INSURANCE COMPANY OF NEW YORK

"First in America"



Lewis W. Douglas, President

34 NASSAU STREET

NEW YORK CITY

N. Y. Arbitration Reduces Litigation

Department's Complaint Bureau Proves Value in Life and A. & H. Cases

NEW YORK—A considerable increase is reported by the complaint bureau of the New York department in the number of life and accident and health disputes submitted for arbitration. Arbitrators appointed by the department have decided a considerable number of cases recently involving commission questions under life policies and questions involving permanent and total disability benefits under accident and health policies.

The department's arbitration facilities have been available to those desiring them for many years. No lawyer is required in these proceedings. The case is speedily disposed of by an arbitrator in a week to 10 days without the long delay characteristic of most court proceedings.

Arbitration Clauses

Many companies have been putting arbitration clauses into their policies. The fire policy has had one for many years.

A legitimate question may come up under an accident and health policy as to whether the insured is permanently disabled. The department appoints an impartial physician, whose services are paid for by the company, and he decides one way or the other. The department has been instrumental in rehabilitating a number of assured in such cases. For example, one, a jeweler, had a lung condition and his doctor advised him not to go back to work. The insurer admitted there was some doubt. The department suggested the man go back to work for a period of six months and to the company that it pay the benefits during that period, to which both readily agreed.

Assured Was Rehabilitated

The insured had been rapidly going to seed, not being considered able to go to work. He went back to work and at the end of six months experienced no difficulties. He was grateful for the opportunity of rehabilitating himself. Several years have passed and he has had no trouble.

An arbitrator's decision is more binding than a court of appeals, since there is no appeal from his finding except in case of misconduct.

Accident sales are good. Subscribe to the **A&H Review**, \$2 a year, for ideas. Address 175 W. Jackson Boulevard, Chicago.

WANT ADS

WANTED

General Agent in North, Central and Southern Indiana by an Eastern Life Ins. Company, catering to rural and city clients. Splendid rural prospect leads available. If you have a proven record of production and general agent's qualifications, write us full details. Address S-33, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Department manager full authority Accident and Life in large Chicago insurance agency of fifty years standing. Give experience, references, draft status. All replies will be held strictly confidential.

Address S-44, care The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Simon Hits Back at Opponents of All Company Licensing Plan

Resentful of the implications in the comments of L. C. Mersfelder, Oklahoma manager of Kansas City Life, which were published in last week's issue regarding the proposal for state licensing of agents to represent all life companies, Leon Gilbert Simon of New York City, original proponent of the idea, insists that "despite statements made to the contrary by my opponents, I am not opposed to the present agency system. I am to trying to have an amendment added to the agent's contract giving him freedom to place business wherever it is to the policyholder's greatest advantage. I would also like to do away with the multiplicity of the licensing system. Since the state indicates and passes upon a man's capacity to sell insurance, it isn't necessary that the insurance company present his application for a license. If the state finds him qualified to sell, certainly he should be qualified to sell for any company.

Doesn't Like "Must"

"In my original discussion I also said that I advocated a system in which any company doing business within a certain state should be compelled to take business from any licensed agent in that state. Thereupon Mr. Mersfelder jumped in and called special attention to the 'must.' He doesn't like the word. He doesn't like what it stands for."

Besides the negative, objectionable "musts" which are identified with regimentation, Mr. Simon points out that there are many "musts" that are most desirable. "The rights of each one 'must' be recognized by everybody else. Men are fighting throughout the world today for ideals that we 'must' have. Merely stating that I demand certain things doesn't necessarily weaken my position in this matter and his assertion that my demands smack of a totalitarian nature is in itself the essence of absurdity. If Mr. Mersfelder and some of the opponents to this plan would stop ranting about my opposition to the agency system, it is possible we could come to some general understanding but they are attempting constantly to place me in an unfavorable light before my fellow underwriters on the theory that I am opposed to the system. Nothing is further from my mind than direct opposition or elimination of the agency system and all those who contend that I am opposed to the agency system are speaking out of sheer ignorance.

No Compulsion on Agent's Part

"Again I have to emphasize the fact that all of the agents throughout the U. S. who do not desire more than one company contract can remain in exactly the same position after the adoption of my plan as before. It will not interfere with their present company alignment in any way. But most surely there are many other underwriters who wish to grow and expand their field of activity. In other words, maneuverability of the underwriter is most desirable and no one with a one-company license can move beyond the limitations of that single company.

Takes Exception to Statements

"Mr. Mersfelder refers to my position as an independent underwriter so that I can select the proper company for each client as 'hokey.' I am not sure I understand his definition of that word clearly since it is somewhat outside of my vocabulary. But, very definitely, I discern something typically unpleasant about it. That, of course, is his personal reaction and I am not particularly concerned about it but he goes on to make the statement that I am trying to 'undermine the morale of faithful organizations.' That, of course, is an emotional outburst and presents a pretty good idea of the mental machinery from which such thinking emanates. As a further example of this kind of thinking, I

wish to draw emphasis to Mr. Mersfelder's statement that independent underwriters on the whole 'are a cancer to the life insurance business and the life underwriting profession.' That's some estimate of the leading life underwriters of this country. Men who have done big things in a big way, and who have required greater latitude in their operation. The life underwriters who have scaled the heights in this work and are in a position to look beyond the limited perspective which one company provides, are now regarded as cancerous and dangerous. Of course, the assertion is ridiculous. No absurdity hurled against the truth can ever affect it. A fly bites the elephant but no injury is sustained."

Flanagan St. Paul Manager for Fidelity Mutual Life

John T. Flanagan, manager of Central Life of Iowa in Minneapolis since 1942, has been appointed manager at St. Paul by Fidelity Mutual Life.

Mr. Flanagan is a graduate of St. Thomas College, St. Paul. He taught and coached at the St. Croix, Wis., high school two years. He formerly was an agent for State Mutual.

Little Rock District Honored

LITTLE ROCK—C. M. Herron, vice-president of Life & Casualty, was the principal speaker at a dinner here honoring Frank Marks, Little Rock manager, for completion of 15 years with the company and agents in this district, which led all districts for the first six months. In an intensive drive the last two weeks it wrote \$107,000 of ordinary life.

Mr. Marks came to Little Rock six years ago after a similar period in El Dorado, Ark.

Guertin Bill Signed in Ill.

Governor Green of Illinois has signed the Guertin bill which was passed by the Illinois legislature. The Missouri legislature has passed the bill and it is now up to the governor for action in that state.

The bill prohibiting a company from creating the impression that its plan of operation or its financial setup are endorsed or guaranteed by the Illinois or federal government, has been signed by Governor Green.

Research Bureau Completes Third School This Year

The Sales Research Bureau completes this week the first of two schools in agency management which are being held in Chicago in 1943. This session, which started July 12, ends this Friday, at the Edgewater Beach Hotel.

It was the 53rd such school held by the bureau in the last 14 years and is the third this year. The previous schools were in Georgia and Connecticut.

The current school was attended by 55 managers and general agents, supervisors and home office agency men representing 22 companies. The attendance was largely from the United States, although there was a sizable group of Canadians.

R. E. Kiplinger, director of agencies of Guarantee Mutual Life, was elected president of the class. Vice-president is John R. Mage, general agent Northwestern Mutual, Los Angeles; secretary, D. D. Briggs, manager Mutual Life, Jackson, Miss.; treasurer, H. H. Nunamaker, general agent Columbian National, Cleveland.

Study Work Week in L. A.

LOS ANGELES—George F. Houghton, Hartford Accident, temporary chairman of the insurance committee considering the 48-hour work week, at its meeting Tuesday named a subcommittee to secure data from the various insurance groups and make recommendations as to what the industry desires in regard to the War Manpower Commission's directive putting the 48-hour week in effect. The sub-committee is: Hugo Methmann, Fireman's Fund, chairman; Harold Sand, John Hancock Mutual Life; Brit McConnell, Pacific Employers; M. F. Branch, Insurance Exchange, and Geo. T. Conklin, Pacific Indemnity. The consensus was that insurance as a whole probably would ask exemption on a 40-hour basis.

Women Successful on Debit

PORTLAND, ORE.—Marked success in the employment of women industrial agents is reported by Russell W. Harrison, Prudential superintendent here, who has five women agents. Mrs. Margaret L. Powell, who took up her work last Dec. 21, wrote 40 applications on the lives of 39 different individuals in 26 different homes in one week in July. A substantial collection was made with each application.

GLOBE LIFE INSURANCE COMPANY OF ILLINOIS

Soliciting Agents in Illinois
VERY ATTRACTIVE CONTRACTS

COMPLETE LIFE INSURANCE
COVERAGE—

AGES 0-60

Excellent Line of Juvenile Policies
FULL BENEFIT AGE 5

Home Office Address Since 1895

431 South Dearborn St., Chicago, Illinois
WM. J. ALEXANDER, PRESIDENT

Industrial Prospers Despite Six-Month Production Sag

NEW YORK—Industrial insurance is currently manifesting a curious paradox. For the first half year new business was \$730,505,000, a decrease of 8.4% from the first half of 1942, which in turn was a 5.8% drop as compared with the first half of 1941. Not only that, but production for every month of 1943 to date shows a minus sign, ranging from a 13.3% drop in January to only 3.3% off in March. June was close to the average, being 8.6% down. Similarly there was a decrease for every month in the first half of 1942 as against the corresponding months of the previous year.

Yet industrial is without doubt in one of the healthiest periods of its history: Industrial agents are making more money than ever before in their lives and not solely because they are writing more ordinary, either, though production of ordinary has, of course, been easier because of wartime prosperity among many prospects who would normally buy weekly premium coverage. These buyers can easily finance a monthly ordinary premium and with the manpower shortage agents of course appreciate the less frequent collections that are necessary as compared with weekly premiums.

Stress Increase in Force

However, the big reason why those concerned with weekly premiums business can be happy despite a row of minus signs that would seriously depress a man in the ordinary end of the business is that the industrial side has always placed its primary stress on increase of insurance in force rather than new production as an end in itself. Industrial lapses are the lowest in history. This reflects better business conditions, of course, but it also reflects the more intelligent job of conservation that agents are doing. Agents are also selecting their business more carefully, making sure it is of a type that can be expected to stay on the books.

In past years when there was less thoroughgoing emphasis on conservation and the selection of a persistent type of business, many policies that would be kept in force today would have lapsed and eventually these policyholders would have bought new insurance. While nobody likes to see a production decrease yet it is obviously a better condition for the policyholders if business is kept in force rather than being dropped and later replaced. The type of educational work that has grown up in recent years among industrial agents is doubtless responsible for the success of conservation and selection work. In the old days the penalties against the agents for lapses were even more severe than today, so it was not for lack of a pecuniary motive that the conservation record failed to match today's standards.

Gross Increase Is Up

Gross increase, that is, the excess of issues and revivals over lapses (excluding deaths and maturities) was 44% better for Metropolitan Life for the first half year in spite of the fact that its agency force is nearly 4% smaller than a year ago. The gross increase per agent, because of this reduction in numbers, was even higher, 47% over the first half of 1942. Agents' earnings are the highest in the company's history.

Like other companies in the weekly premium field, Metropolitan has been putting on quite a few women agents, mostly outside the big cities. It now has close to 200 women agents. Many of these women agents are the wives of Metropolitan agents who have gone into the armed forces and about an equal number are district office clerks, probably a majority of the women agents coming from these two sources.

Many of the women clerks were well

fitted for work on the debit, having completed the agents' correspondence course, without any thought of going into the field, but merely in order to do a better office job. Also they have the advantage of being familiar with the agent's work, and the same can often be said of the agent's wife.

One of the problems in meeting the manpower shortage in the field has been revamping educational procedures to adapt them to the older men who are being hired. The learning process for them is quite different as compared with younger people. It is of course much longer since they experienced any formal education and a greater percentage of them lack a complete high school education than is true of the younger men.

Richards Salt Lake President

At the annual meeting of the Salt Lake City C. L. U. chapter, C. C. Guilford, Northwestern Mutual Life, was chosen president, Joel Richards, New York Life, vice-president, and F. M. Kelly, Mutual Life, secretary-treasurer.

Eight directors, three of whom are in service, were elected, with J. W. Lawrence, Prudential, as chairman. A resolution was adopted under which Mr. Lawrence's name will in due course be presented for director of the national organization.

Plan Service Cover Regulations

WASHINGTON—War Department officials are working on regulations covering the National Service Life Insurance system. Inclusion of WACS in the system is expected to enable it to make some money as they are expected to suffer few casualties, to buy mostly term insurance, and to discontinue the protection when they leave the service after the war.

Savings Bank Insurance

Last year the New York savings banks wrote \$9,800,800 in new business, an increase of 20%. The insurance in force is \$28,799,430, increase 47.9%. The premium income was \$781,732, increase 60.2%, assets \$1,942,410, increase 49.8%. Government bonds comprised \$866,003. The surplus is \$58,483, increase 83.6%, mortality \$26,483, ratio 11.4%. The rate of interest was 3.18%.

The **Unique Manual-Digest** is the only "all-in-one" reference book. Only \$5 from National Underwriter.

Average Debit Now 50% Larger

The average debit of weekly premium companies, it is estimated, is now 50% larger than before the war. As men have been lost to the armed services, the companies have enlarged their debits and have given the men that are left increased territory. The larger area can be easily handled these days because the policyholders are in funds and the number of call backs is greatly reduced.

Enlarging the debit has had various effects upon the production of ordinary business by the industrial man. Some of the agents find that their income is so much larger with the increased debit that they do not have the financial urge to get out and produce ordinary. Other agents, on the other hand, are able to clean up their larger debits in a shorter time than was required to handle a smaller territory and they are devoting more time than ever to the production of ordinary.

A good motto is "I can if I will and I will if I can."

LISTEN and answer cautiously. Decide promptly.

THE SILENT PARTNER

The Lincoln National man is putting the post box on the corner into the life insurance business—as a full-time partner.

With modern lead-producing Direct Mail plans, he is able to multiply his prospecting efforts—reduce cold canvass calls—organize

his travel; spend more time with prospects, less time finding them.

Direct Mail inquiries from carefully selected lists average 12%—proof that the corner post box is a *working* partner.

THE LINCOLN NATIONAL LIFE INSURANCE COMPANY

Fort Wayne



Indiana

Geared To Help Its Fieldmen



Comfort and Decency Protection Best

(CONTINUED FROM PAGE 2)

doctor or surgeon who can't find time for charity cases. If anybody has to suffer, let it be the fellow whose chief need for protection is to pay estate taxes.

That goes for companies and general agents, too. I am quite familiar with the statistics which prove that neither the general agent nor the company can make a profit on \$1,000 cases. But neither he nor the company could have many agents to solicit any business without the \$1,000 cases. Let the actuaries figure out the cost problems and make adjustments accordingly but in the meantime, let us pay any theoretical losses on handling \$1,000 cases out of profits from the big ones. After all, if it were not for the little policies we wouldn't have many big ones anyway.

"Package" Combination Suggested

Of course, I am not for one moment contending that any life underwriter should "specialize" in \$1,000 policies. As a matter of fact, I think that most \$1,000 cases should be \$2,000 ones, payable, say \$500 in cash and \$40 a month for 39 months. That happens to be a favorite "package" in my own agency. But I do contend that if the average life underwriter spent only a part of his wasted soliciting time out in the byways, calling on the little fellows, he'd be a better life underwriter than is the "specialist," "estate counselor," "financial adviser," etc., who prides himself on his five-figure income, his fine home, club connections, and other conventional emblems of success. Furthermore, I believe he would increase rather than diminish his income. Too many of us "kid ourselves" into believing we are working hard when, as a matter of fact, we are sitting on our rear ends or chasing rainbows half the time.

Again speaking without benefit of supporting statistics, I'm guessing that much of the 1942 slump in ordinary life volume was caused by the fact that many of our big producers suddenly lost their 75 or 100 big prospects who could be seen in a leisurely, comfortable manner. How else can you explain a drop in life insurance sales when the national income was the highest in history, was distributed to a larger number of people of insurable ages and there was a smaller outlet for expenditures? Thank God for the industrial agents who kept the 1942 life insurance slump from being of catastrophic proportions. They didn't have any more sense than to go right on seeing lots of people.

Make More Calls, More Sales

Point No. 2. I've already hinted at this one. It is simply this: We must make more calls and more sales. Whoever invented that schedule of one or even three interviews a day with a minimum of one sale a week certainly had an aversion to good, old-fashioned work. He didn't belong to the old school of life insurance pioneers. Those pioneers may not have made more than one sale a week because they had to be missionaries as well as salesmen, but I'll bet they didn't call it a day un-

less they had told their story at least five or six times.

Nowadays, we are "all worn out" after one or two heavy interviews. It seems to me that any man or woman who is smart enough to learn to read a rate book can figure out ways and means to tell his story to from four to six eligible prospects in as many face-to-face interviews. To be sure, a good many of those interviews will have to be at inconvenient times and places. The program calls for more interviews in the prospect's home, but under present day, three-shift working conditions, these home-interviews do not all have to be made during evening hours.

Agents "Work Way Down"

A recent survey in my own agency revealed that, whereas 74% of our sales were made in the prospect's home, only 24% were made after 6 p. m. Many of these sales were made before the agent ever arrived at the office. Most of our agents never get to the downtown area and the office until about noon. They have "worked their way" down, making calls as they came. They do the same thing on the way home. They know they are expected to have from four to six interviews a day and at least three sales a week. That means a lot of calls and they haven't any more gasoline than any other salesman.

MAKING MONEY

During the last quarter (April, May, June) our seven salesmen in Wichita proper paid for an average of 14.2 applications each, with no one of them making less than ten. For our total force of 24, including small town and rural agents, the average is 11½ sales per agent. But they averaged only \$53 per sale in new premiums, \$745 per agent. To many big producers this would be "peanut business"—but it represents 168 new sales a year per man, about 125 of whom are new clients. Furthermore, those salesmen are receiving a cash income averaging over \$250 per man including four first-year men. We have no salesman of over one year's experience who isn't making over \$200 a month and we have seven (about one-third) who are earning in excess of \$5,000 a year.

Might Take Junior Partner

Point No. 3. If a large producer of big policies simply cannot find the time to make such a large number of calls without neglecting his more substantial customers, perhaps he should take in a junior partner as lawyers and doctors do. Such a junior could do some of the underwriter's detail work, make appointments, minor service calls, etc. That's just a "snap" suggestion, however, and is somewhat beyond the scope of this discussion.

Point No. 4. It's high time all companies permit the writing of any and all life insurance on a monthly premium basis in any amount. Now that suggestion would probably make actuaries and cost-specialists "see red" if they thought anybody of consequence would take it seriously. But gas, electric and telephone companies can offer the public their services, including reading a meter, the mailing of a statement, the calculation of a different bill each month, often for \$2 to \$3. If public utilities can do this and accumulate billions, why can't a life insurance company send out a "bill" which takes no separate calculation each month but is always the same? And if a customer has more than one policy on which he is paying the premiums, why not consolidate them into one "master notice." It can't be done? My answer to that is simply that it is being done by my own company at least. I do not know

how many other companies are doing the same thing.

You may be told that the lapse ratio on small monthly premiums is too high when not collected regularly by agents such as is done on an industrial debit. Maybe so, but my monthly premium business (in the city) stays on the books better than any other kind. Furthermore, policies sold on a monthly basis run about a third larger volume per case than our general average. I believe that if it were absolutely necessary, the agent would make more money if he were permitted to write small monthly premiums even though he received a slightly reduced commission on them. Furthermore, he will take better care of a case throughout the first year in order to get his first year commissions. He thus sees and gets better acquainted with his clients and knows more about their insurance needs.

BETTER PERSISTENCY

We all agree that the persistency rate of policies improves as the business becomes "seasoned" by a good many premium payments. Another way of putting it is that the policy-owner who has made a dozen premium payments has formed a habit which is not lightly broken. If he gets a notice which includes three or four policies he has to go through a little "red tape" to drop any one of them. This gives the agent an opportunity to re-sell him.

Do Planning for Agent

Point No. 5. Certainly, if we are going to sell that increased number of "rank-and-file" group which I have been advocating, we shall have to sell many of them at \$2 to \$5 a month. After all, at age 30, \$3.25 to \$3.50 a month will buy a \$2,000 whole life policy.

But this, too, is a subject calling for more comprehensive study and discussion than space permits here. I believe it is the responsibility of the company and of the general agent to do more of the agent's planning and thinking for him. He must even originate more leads or prospects, not only for beginners but for veterans as well. We have talked too much about how the life underwriter must be a combination salesman, administrator and executive—must be his own boss, etc. Any other business organization would go broke in six months under such a system. No wonder we find it difficult to recruit men who possess so many and such widely different qualifications. How many of us have said of this and that agent, "He's a super-salesman but he doesn't know how to plan his work," or "He won't see enough people." Of course not—he's a salesman, not an administrator or executive. Give me a man (or woman) who believes in and is enthusiastic about the service of life insurance and can sell and I'll bank on him to succeed, even though I may have to do a lot of his planning, prospecting and thinking for him. Certainly, I'm "tickled to death" when I find the rare specimen who can do all of those things for himself, but such men are too scarce to be depended upon to do the job of life underwriting on the comprehensive scale I have herein advocated.

How can a company or manager do this? Well, that's a whole subject in itself, but I believe it can be done. Approximately 40% of those sales referred to earlier in this article come through prospects furnished by our agency office.

Show as Well as Tell

Finally, I believe that as a manager it is my job to show my salesmen as well as tell them. I believe that if I can and do demonstrate by actual personal sales that a method or plan which I advocate is good I'll not have much trouble in selling that method or plan to them. We have in our agency a

National A. & H. Winter Meeting Set for Jan. 11-12

DES MOINES—The National Association of Accident and Health Underwriters will hold its annual convention in Des Moines Jan. 11-12. These dates are announced by Martin L. Seltzer, general agent of General Accident and president of the Des Moines association, which will be host to the National association. Headquarters will be at Hotel Fort Des Moines.

Carolina to Increase Capital

A. B. Langley, president Carolina Life of Columbia, S. C., has called a meeting of stockholders for Aug. 24 to consider an increase in capital stock to \$500,000.

very trite but effective approach-phrase which says, "I can show you how this plan works a good deal easier and quicker than I can tell you." That statement is equally true when applied to a manager's instructions or selling plans. My salesmen (and by the way, that's what we call them, "salesmen") know damned well that if I tell them a particular prospecting or selling plan will get business it will. They know I've already tried it out and sold business with it. In fact, they know that their manager won't ask or tell them to do anything he isn't willing to do himself. They also know from the records that he can pay for as many applications as the best of them and usually does finish the year at or near the top of agency production leaders.

And so, I bring my "explosion" to an end, for what it is worth. If it finds enough readers to start a few arguments, it will have served its major purpose.

Bankers

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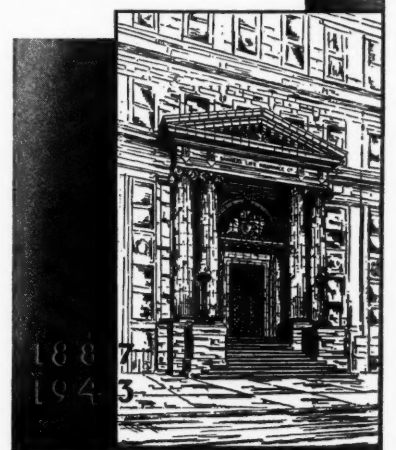
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One Thing Is Certain Life Never Stands Still

We have a Plan for aiding men and women of courage and vision to move forward.

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BIRMINGHAM, ALABAMA

Eyes Banks' Practices in Loaning on Life Policies

The attitude of banks toward life insurance policies as collateral to commercial bank loans and some of the problems the banks face in handling this type of business are set forth by Charles A. Strahorn of the Winnetka (Ill.) Trust & Savings Bank in a thesis on "Life Insurance as Collateral to Commercial Bank Loans" which he submitted as one of the requirements of the graduate school of banking conducted by the American Bankers Association at Rutgers University.

Mr. Strahorn points out that the cash surrender values in life insurance policies developed with use of life insurance for investment and savings as well as for the original purpose of protection. Mr. Strahorn confines his discussions largely to ordinary life, endowments, limited pay life policies, and annuities of various kinds.

Came in with Depression

Commercial banks did not enter the field of loaning money on the cash surrender value of life insurance until the 1930s. In the boom days of the 1920s, the insurance companies had many outstanding loans against policies. Mr. Strahorn suggests that the purpose of many of these loans was for speculation. Protection was impaired only temporarily, and if the expected profits did not materialize there was no need of repayment of the loans. To such borrowings the companies had no queries, nor was the liquidation of the indebtedness pushed or desired. Some banks did make loans on life insurance in the same manner. They were satisfied with the same rates or rates slightly lower than those offered by the issuing companies.

Mr. Strahorn believes that no bank should loan against life insurance without knowing something about the purpose which the borrower expects the funds to serve. If it is known that they will be used to speculate in any manner he believes the loan should be refused. To accept a pledge of life insurance for a loan which may seriously impair or destroy the insured's equity in it and result in deterioration of family security and protection constitutes non-ethical banking practice, in his opinion.

The real development of the use of life insurance as a basis of bank credit came with the depression of the early 1930s, he explains. Borrowing during those times was extensive. Many persons found the cash surrender value of their policies a life saver. Some made use of this capital to support the shrinking values and thus were tided over into better days. Others found their insurance became the only sound basis for credit extension.

Reduction in Interest Rates

The general reduction in interest rates was another contributory factor in the commercial banks developing life insurance loans, he states. Low interest rates and cheap money fostered by the New Deal naturally caused bank earnings to dwindle rapidly in spite of constant and rapid rises in deposit totals. Banks could see that on this type of loan they could offer lower rates than those fixed by the insurers. The banks came into the field because the insured could save interest by obtaining a bank loan.

The technique of handling life insurance loans, to which Mr. Strahorn devotes most of his thesis, is of comparatively recent interest to bankers. To accomplish this form of credit extension it became desirable and necessary to obtain the fullest cooperation possible from the insurance company. The legal aspect of such loans became more complicated with the entrance of commercial banking into the field. On the company loan, the only parties involved are the company and the insured. The interest of beneficiaries is of small comparative consequence. With the appearance of banks, a third party creditor-

assignee came into the picture, and the legal questions became more complicated. The rights of beneficiaries, which always had been the cause of many a legal battle, now became more complicated with the entry of banks into the picture.

Occupy Important Place Now

There appear to be no figures available as to the extent of bank financing on life insurance collateral. However, Mr. Strahorn states that banks are rapidly becoming important lenders in this field. Consequently, it has been necessary for them to formulate methods and procedures that are acceptable to all the parties involved.

Since the assignment of the policies is recognized as the basis of the collateral value, the variance in legal technicalities with regard to this instrument became a paramount factor, and the development of a uniform assignment form acceptable to and protecting the rights of all interested parties became a necessity. This resulted in promulgation of the American Bankers Association form No. 10, resulting from cooperation of committees of the A.B.A. and the Association of Life Insurance Counsel.

Mr. Strahorn believes that the making of a loan on a life insurance policy should be carried out carefully by the bank, with the bank and the borrower both clear as to the policy and its cash value, beneficiaries, and so on. The bank should obtain from the applicant a letter over his signature addressed to his insurer authorizing the latter to give the loaning bank any information it may request with regard to the policy. Whenever possible, duplicate assignments should be taken along with physical possession of the policy offered as collateral. The bank should determine whether the prospective buyer is a good credit risk, has sufficient income to reasonably assure payment of premiums, and have a definite plan of repayment. Some amortization plan should be agreed on. The bank should understand the terms of the insurance contract.

INSURER RELATIONS

The bank should not pester a busy insurance company with requests for a lot of unimportant information or for details which can be ascertained by careful analyzing of the policies, Mr.

Strahorn asserted. When insurance companies answer that "this information can be obtained from the policy" it is often a deserved answer and not intended to convey a non-cooperative attitude, Mr. Strahorn states. Requests for information should be made politely and diplomatically. After all, the insurance companies are not in business for the banker's benefit, and in general the companies are exceedingly generous in their assistance, not on account of any duty to the inquiring banker but due to business courtesy and service to insured with whom they have entered into a contract. Some bank officials feel that life insurance loans should be followed minutely. This is true, Mr. Strahorn said, but 90% of the followup can be done without writing the company if the original investigation was proper and the loan was made in the right manner after careful thought and deliberation.

Suggests Use of Form Reply

To save time and avoid excessive clerical work in connection with bank loans, the insurance companies have begun to use a form letter in reply to letters from banks. Frequently the remarks of the insurance companies will contain answers to bank questions not specifically covered by the completed form. This may, Mr. Strahorn thinks, lead to cooperation between the banks and the companies for mutual benefit. It may come to the point where the banks will simply send policy number and name of insured with a request for the usual form covering the current status of the policy. This is a project worthy of consideration.

Before closing a life insurance loan, Mr. Strahorn believes there should be an attempt to convince the assured to pay his premiums on an annual basis. This is advantageous to the bank, to the insured and to the company. When a loan is paid off the bank should take care to have insured issue his own check to pay the accrued interest if he intends to use this interest as an income tax deduction. If a bank pays this there might be some question as to whether or not the interest deduction would be allowed by the internal revenue department to the insured.

Practice Concerning Beneficiaries

Mr. Strahorn believes that the terms of a collateral policy should be fixed so that automatic premium loans will not be effective without the consent of the assignee so that the bank will be notified immediately of the necessity of premium payment being made by additional borrowing. Where several policies are posted as collateral and beneficiaries are not identical, to avoid possible litigation

(CONTINUED ON PAGE 18)

On Job 35 Years



J. H. LITHGOW

J. H. Lithgow, general manager of Manufacturers Life of Toronto, has completed 35 years of service with the company. He joined it as a clerk in the actuarial department in July, 1908. Three years later he became an associate of the Actuarial Society of America and in 1913 of the Institute of Actuaries of Great Britain, later a fellow of the Actuarial Society. In March, 1919, when he was 28 years of age Mr. Lithgow was appointed assistant actuary of the Manufacturers Life and became actuary on Jan. 1, 1924. In December, 1929, he was appointed assistant general manager and actuary and on the death of the late J. B. McKechnie in April, 1931, Mr. Lithgow was appointed general manager and actuary.

Prominent in Organizations

He was elected a member of the board in January, 1936. He was president of the Canadian Life Insurance Officers Association for two years. In 1935 he was elected president of the Insurance Institute of Toronto and the following year became the first president of the newly formed Life Insurance Institute of Canada. He attended the International Congress of Actuaries in Rome in 1934 and acted as president at one of the sessions. He is one of the eminent actuaries who has blossomed into a full blown company administrator and been very successful in his work.

LIFE REINSURANCE

North American Reassurance Co.

99 John Street Lawrence M. Cathles, Pres. New York

EDITORIAL COMMENT

Building Up the Individual

During these times when man-power is so important and when every organization of any size is confronted with lack of it, executives and supervisors are giving more attention to training those that are employed and endeavoring to make more out of them, for their own good and that of the business.

An executive remarked the other day that he takes great satisfaction when he feels a person has dormant powers of usefulness and capacity in him by helping him build up his faculties. He has not brought his faculties into play. He may not understand just how to employ the gifts he has to good advantage. He may be lacking here and there. He may need readjustment. He is not "clicking," so to speak, in his position. The easiest way would be probably to dis-

miss him from the service. This executive concludes that this is not fair. If an institution or employer firmly believes that a person is not capable of carrying on, that he lacks the qualifications to meet the requirements, then it is useless to continue him. It is a merciful procedure to have him try some other line.

However, if a superior is convinced that a person does possess qualifications that if actively brought into play will make him useful though they are now lying fallow he should be lifted out of his funk, made to see his weaknesses, shown the opportunities, given some inspiration and encouragement and then probably he will blossom into a full blown flower. It is getting an employee on the right track.

To Lady Letter Writers

With the increase in number of women holding responsible positions in insurance offices and conducting correspondence on their own authority we can say Amen to the writer of the editorial in "The Reporter of Direct Mail Advertising" who recommends that all business establishments institute a fixed rule that their female letter writers have their proper designation—Mrs. or Miss—typed below their actual signature or placed at the lower left hand position where the dictators' initials so frequently appear.

This publication states it is high time that something be done to facilitate the use of proper designations as to sex and marital state, for the benefit of the recipients. "When a woman writer merely

signs her initials and last name, as so many of them now seem to prefer, she is not only slowing down the replies, but actually inviting the designation of "Mr."

Nearly everyone has been subjected to the inconvenience of causing an investigation to be made to discover the marital status of a woman correspondent in order to be able to salute her properly in reply. Frequently that fact cannot easily be ascertained and a guess has to be made. Also a number of women seem to prefer to be completely baffling and merely use their initials. That strikes us as being egotistic. Such a woman must assume that everyone knows her and whether she is or is not married.

Field Has Not Proved Fertile

When war and defense industries began to assume large proportions and hundreds of thousands of people were drawn to them at high wages a number of life insurance managers jumped to the conclusion that this would be a veritable gold mine. Immediately steps were taken to develop plans to tap this new source of prospects. It was soon discovered that to reach these people was no easy task. They were working in different shifts, some during the day, some at night. Many had moved in nearer the industries and their addresses were new. Some lived in distant localities and traveled back and forth. It was discovered to be a problem to get a list of the prospects and where they lived. A cold

canvass plan was adopted having agents go from house to house in the vicinity. In this way a number of prospects were gotten. The industrial agents had a great advantage as in their rounds they ran across a number of these workers.

So-called white collar agents seemed to be nonplussed as to how to go about a job with which they were not accustomed. Some of the agency managers themselves went out in an effort to see what could be done. They soon saw the complications and many concluded that the time placed on trying to contact these workers could be used to better advantage elsewhere. Therefore the defense and war workers which held out great hopes have been in a measure a

disappointment. Some offices have done a considerable business with these people. For the average agent, however, he has not been able to make the grade and shifted his work to fields with which

he was more familiar. Managers are convinced that to get this business requires a type of trained salesman that are accustomed to dealing with wage earners.

Will Be Gap in the Ranks

With the exodus of so many young men in insurance into the armed forces there will be a gap in future years because of this abnormal situation. Insurance offices will find later on that there will be a dearth of talent between ages 21 and 30. This is due to the fact that companies, agencies and organizations are not employing young men now

because it is certain that they will be inducted into the service. After the last war a similar situation prevailed. Following the war there was the depression and instead of recruiting young men insurance offices felt compelled to lay off employees. This all resulted in a lack of trained talent later on when the business needed skilled men.

PERSONAL SIDE OF THE BUSINESS

John C. Blackall, former Connecticut commissioner, is enjoying a brief vacation following eight years in that post, in which he has been succeeded by W. Ellery Allyn. No announcement has yet been made in regard to his plans for the future. He spoke Tuesday at a Rotary Club luncheon at Great Barrington, Mass., on "The Effect of the War on Insurance."

E. G. Bewley, Oklahoma agency supervisor of New York Life, who for six months has been confined to his home with illness, has returned to his office in Oklahoma City for limited duties.

Hal Johnson, associate general agent of Columbian National Life and secretary of the Wichita General Agents & Managers Association, ranked fourth in production in June for that company. He has three sons in the service.

Dr. Alfred Manes, since 1936 professor in the Indiana University school of business and recently appointed professor of insurance and economic research, has been assigned as adviser to Dean Gavit, director of educational work of the armed forces, A.S.T.P., especially as coordinator of the area and language courses of the German and Balkan divisions.

W. Reginald Baker of Newark will celebrate his 71st birthday Aug. 19. He is a former president of the Life Underwriters Association of Northern New Jersey and is now in his 55th year with Mutual Life, attached to the Newark branch. He has qualified twice for the Million Dollar Round Table and has been a member of the company's National Field Club for 20 consecutive years.

Otto Langpaap, inspector of agencies of West Coast Life, who has been ill for six weeks, is able to spend a few hours daily at his office.

Edwin L. Baxley, Little Rock agent in the Penn Mutual's Allan Gates agency, has been in the army air force, flying a bomber over Europe. Recently it was reported that he was "missing in action." It now turns out that he is a prisoner of war in Germany. The first report came through in a strange way. A German radio came through, directed to Ed Baxley's mother, who lives in Texas: "Hello, I am safe, not wounded, good

luck to you all. Love.—Edwin." Mrs. Baxley herself did not hear the message, but she received a postcard from a citizen of Utica, N. Y., who told her that he had heard the message. It seems that the message came from Alashley. It first gave his full name and serial number, then the message.

Earl Weltz, Philadelphia general agent, has been at the Presbyterian Hospital there the past week. While crossing the Swarthmore campus, returning home with Mrs. Weltz, he stepped in a hole and broke his leg just below the knee. He may be laid up for two months.

Roswell C. Laub, vice-president and agency director of Monarch Life, was guest of honor at a luncheon meeting arranged by Dwight Mead, general agent Pacific Mutual Life, in Seattle. Mr. Laub recently spoke at the annual convention of the National Association of Accident & Health Underwriters at which Mr. Mead was keynote speaker. D. M. Morgan, president Northern Life, and other company officials, local managers and general agents and officials of life, accident and health associations joined with Mr. Laub in a discussion of problems of national importance to this class of business. The increasing demand for this form of personal protection and the essential part it has in the war effort were emphasized.

William Zeinemann, Bankers Life, president of the Sheboygan (Wis.) Association of Life Underwriters, and Mrs. Zeinemann have returned from Fort Des Moines, where they attended the graduation of their daughter, 2nd Lieut. Gertrude Zeinemann, from the WAC officers' training school.

Frank Whitbeck, director of public relations of Union Life of Little Rock, has been admitted to the bar. Mr. Whitbeck was the only applicant out of 14 to successfully pass the recent bar examinations. He will continue in the insurance field.

Claris Adams, president of Ohio State Life, was toastmaster at the Columbus Junior Chamber of Commerce bosses' day this week.

Francis V. Keesling, president of West Coast Life and president of the California Insurance Federation, will conduct the campaign of Roger Lapham,



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SAN FRANCISCO 4, CAL.—507-8-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Res. Mgr.; Miss A. V. Bowyer, Pacific Coast Editor.

well known shipping magnate for mayor of San Francisco.

E. Paul Huttering, second vice-president, recently celebrated his 40th anniversary with Penn Mutual Life. He went with the company in 1903, first in the underwriting department, and in 1913 took charge of all taxation matters. One of the first life insurance executives to see the value of tax information for agents' use in selling, in 1920 he prepared the first edition of the Penn Mutual's tax manual, since then published annually. He is the author of "The Law of Salesmanship," one of the series of Harper's textbooks on life insurance. He also wrote "Organized Life Insurance Selling," his company's sales course series.

Ely D. Miller, Provident Mutual Life, secretary of the Columbus Association of Life Underwriters, who has been ill for some weeks, is now at the home of his daughter at Kenmore, N. Y. He expects to return to Columbus in September.

C. A. Craig, chairman of National Life & Accident, has been appointed a member of the insurance department committee of the U. S. Chamber of Commerce.

For reasons of "military secrecy" **J. W. Bishop**, Chattanooga, general agent of Northwestern National Life, had to wait several weeks to tell of the exploits of his son, Lt. (jg) Bruce Bishop, as fighter pilot in a Grumman Wildcat, in aiding in the capture of Attu Island from the Japanese. It is now known that the Wildcats operated from a "baby flattop."

DEATHS

Paul S. Jolley of Denver, well known insurance man, died last week in Presbyterian Hospital there 10 days after he suffered a heart attack while playing golf. He was 52 years of age. He was born in Abilene, Kan., and was a classmate of General Eisenhower. He attended Kansas University and Colorado University. He was a past president of the Colorado Association of Life Underwriters.

A. M. Palkovic of the Youngstown agency of Ohio State Life died suddenly from a heart attack a few days ago. He became associated with the company more than 30 years ago as an agent at Bellaire, later moving to Youngstown. He had been a member of the honor club ten years, and a member of the App-a-Week Club more than nine years.

Dayton Adams, 52, with New York Life since 1921 and active in the Denver and Colorado Life Underwriters Associations, died suddenly in his Denver office, apparently from a heart attack.

Fred C. Rozello, Portland, Me., manager of Equitable Society for 10 years and a past president of the Maine Association of Life Underwriters, died suddenly. He went with the Equitable Society as an agent in Philadelphia in 1919 and later became district manager there.

Don J. Grout, 44, assistant editor of publications of Prudential, died following an emergency operation for appendicitis. He studied at the College of Business Administration of Boston University and later went into the advertising business in Boston. He served as lieutenant in a field artillery regiment during the first world war. Before going to Prudential in 1936 he was foreign advertising manager for General Motors in Egypt and in Brazil.

Harry H. Pace, 59, president Supreme Liberty Life, Chicago, died after an illness of more than six months. A special memorial service was held at the annual meeting of the National Negro Insurance Association in Chicago. Mr. Pace was a former president of that group.

After graduating from Atlanta University in 1903, Mr. Pace taught Latin and Greek at Lincoln University, Jefferson City, Mo., for several years. From 1913 to 1920 he was secretary-

Diversity, Flexibility Needed in Insurance Salesmanship

One of the prominent general agents in Chicago in commenting on the life insurance situation and especially the strategy pursued by some offices and leading producers declared that a huge mistake was made when any general agent or producer allowed himself to depend on one form of business or one source. He said, for example, that there are men who have been successful in past years in writing pension trust business who have flattened out now because they have exhausted their "pockets." Explaining this he said they relied too much on a few sources of business. They did not extend themselves and hence when their vein of the mine ran out they were not able to tap another. Very often, he declared, this weakness is revealed because an office or a producer may become very enthusiastic about one class of business, pursue that very energetically and find that a blind street confronts him.

Therefore he advocates diversification not only as to prospects but also in the kind of business written. It is necessary, he contends, to be continually adding to a prospect list and developing new cases and contacts. He has found it inadvisable to stick to one road. Other paths are forgotten and there may be much picking along them. Continuous prospecting, in his opinion, is necessary for an office or an agent

who is sure of success. Even while pursuing any special line of business prospects of other kinds should be developed in his opinion.

Another point the general agent brought out and which he emphasized was the necessity of being very flexible and mobile in one's life insurance program and strategy. He said, for instance, there is danger of one becoming enamored with a certain kind of insurance, being successful in getting a few cases with large commissions, forgetting everything else and endeavoring to keep along that same line when perhaps the soil has become barren. A salesman, he said, should not become married to any one class. He should be free to roam at his will and change from one group to another without any ceremony. That is the foundation of the success of some of the big writers. One may be engrossed in pension trusts, business and corporation insurance, group insurance, salary savings insurance, etc., and forget other avenues. That is a mistake in his opinion. One should be able to jump from one course to another without delay. Many a man, he said, has failed for that one reason. He tied himself up because he made a success in getting some business along one line and therefore kept on selling the same line when he should have known that a change should have been made.

treasurer of the old Standard Life of Atlanta. He was founder and president of Northeastern Life of Newark from 1925 until it was merged with Supreme Liberty in 1929 when he became president of the latter company.

Mr. Pace was extremely active in fraternal organizations, serving in numerous prominent posts. He also wrote articles and short stories for leading publications. He served as secretary of the Georgia state Republican committee for six years as well as assistant general counsel of the Illinois Commerce Commission. Mr. Pace was associated with W. C. Handy, composer of the "St. Louis Blues" in the Pace & Handy Music Co., and the Black Swan Phonograph Co., he himself composing the "Memphis Blues." Under his sponsorship many singing stars came to prominence, including Ethel Waters.

Since Mr. Pace became ill, T. K. Gibson, board chairman, has been acting as executive officer of Supreme Liberty and will continue in this capacity until a new president is elected.

At the memorial meeting of the National Negro Insurance Association in Chicago, M. S. Stuart, Universal Life of Memphis, former association president, paid a notable tribute to Mr. Pace.

A. L. Cushman, senior member of the general agency of A. L. and W. B. Cushman of Northwestern Mutual Life at Portland, Me., died there. He had been ill for some time. He was with Northwestern Mutual 46 years, eight as special agent, 19 as district agent and the last 19 years as general agent. W. B. Cushman, with Northwestern Mutual 19 years and for the past eight years a partner with his father, has been appointed sole general agent.

Few Policies Taken Over

The alien property custodian's office states that to date it has taken over only five insurance policies on lives of Axis nationals having a total cash value of \$15,000, in its efforts to prevent diversion of national resources to the enemy.

Mutual Life Advertising Plan

To provide a local tie-in to its national advertising program, Mutual Life has initiated a local advertising service for its individual agents which will en-

able them to run professionally prepared ads in their home-town newspapers over their own names. The company is furnishing its representatives, free of charge, finished mats of such ads ready for insertion. The cost of space in local papers is paid by the individuals whose names are featured.

COMPANIES

Tells of Ohio State Life Progress in Six Months

Directors of Ohio State Life at their quarterly meeting were told by President Claris Adams that the insurance written thus far in July is 20% greater than in July, 1942, and that if the present rate of increase continues 1943 will be one of the best the company has experienced in a number of years.

Mr. Adams reported that the insurance in force as of June 30 was \$5,654,468 more than it was on June 30, 1942, and that an increase of 33.7% in the first six months of 1943 in contingency reserve funds brings the total of capital surplus and contingency reserve funds to \$2,856,258, a high peak in its history. Assets are \$27,668,513, a gain of \$1,253,563.

President Adams reported that primary death claims among members of the armed forces since the beginning of the war were 16 in number. Of these, three were killed in action, five deaths were the result of airplane accidents, and five were due to accidental causes of various kinds. Three or four soldiers upon whom Ohio State Life has policies have been reported as missing in action.

Ohio State Life now owns \$9,786,548 of government bonds, purchases of federal bonds in the first six months having amounted to \$3,078,152.

Insurance in Force Up Substantially for N. Y. Life


Insurance in force in New York Life increased by \$127,399,000 during the twelve months ended June 30, making the total \$7,182,925,500.

New and renewal premiums during the first half aggregated \$120,487,678, increase \$3,919,262. There was a marked

1868-1943
75 YEARS OF
PACIFIC MUTUAL
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A Salute to

PACIFIC MUTUAL'S "MEN AT ARMS"



Pacific Mutual field representatives are acquitting themselves with honor wherever American fighting forces are in action today; some in the ranks, many in positions of command. In home front battalions, Pacific Mutual men and women carry on with distinction; organizing war bond campaigns, directing civilian defenses, serving wherever duty calls. Capacity to serve and to lead with equal grace is symbolic of the high type of representative attracted to Pacific Mutual.

PACIFIC MUTUAL LIFE INSURANCE COMPANY
HOME OFFICE: LOS ANGELES, CALIFORNIA

WAR BONDS FOR THE QUICK VICTORY • LIFE INSURANCE FOR THE LONG PULL

decrease in the volume of policies surrendered, which was only 62% of the amount surrendered during the first six months of 1942.

As compared with the first half of 1942, reported death claims were 13% higher this year, but claims for additional accidental death benefits, resulting from automobile accidents, showed a decrease of 43%.

Raines Agency Director of Reserve Loan Life

Reserve Loan Life of Texas has appointed A. C. Raines agency director. At this time he will assume full personal supervision of north Texas, with offices at 816 Kirby building, Dallas.

His first experience was as a personal



A. C. RAINES

producer in Oklahoma with Mid-Continent Life for five years. During this time he averaged \$50,000 a year and was never below \$500,000 a year. He later moved to Dallas and went into agency work with Great Southern Life, and had charge of the agency development of north Texas for that company for nearly 20 years.

Mr. Raines is chairman of the gasoline panel of the Park Cities Rationing Board. At Dallas he has served two terms as president of the Dallas Life Managers Club. He also served one term as president Dallas Association of Life Underwriters.

Enters Accident-Health Field

Western Reserve Life of Austin, Tex., which has been strictly a life company, is now entering the accident and health field, after a two-year study of the problems involved, with a complete line of health and accident policies. A special accident policy for ranchers is being offered. In launching the new program, a three-day meeting was held with 25 company representatives present. President A. F. Ashford, C. B. Calahan, Jr., vice-president and agency director, and Lloyd L. Grove, agency supervisor, were in charge.

President Ashford stated that for the first six months business increased 76.6% over the same period of 1942. Assets are up 12%, surplus 11%, insurance in force 5%, and total income 36%.

K. C. Life Half-Year Statement

Assets of Kansas City Life June 30 reached \$143,615,612, an increase of \$8,990,884 over a year ago. A sharp rise in mortgage holdings accounted for the expansion in assets as the mortgage total rose to \$52,079,478, compared with \$41,322,668 a year ago. The volume of new business was \$19,594,102, compared with \$30,521,060 a year ago. Insurance in force was \$519,270,403, against \$513,539,958 in 1942.

Investments in bonds totaled \$59,422,837, compared with \$57,312,404. Real

estate owned was reduced from \$10,225,104 to \$7,930,939. Repayments of loans continued. Policy loans are \$16,862,443, against \$18,947,957.

Continental Assurance Figures

Continental Assurance of Chicago as of June 30 shows assets \$48,520,425 as compared with \$45,435,937 Dec. 31. Surplus gained \$210,663 to \$3,526,161. Contingency reserve was increased \$255,000 and \$150,000 was added to the group contingency reserve. Insurance in force was \$421,665,448, increase \$18,846,709.

State Farm Figures

At the annual meeting of the State Farm Life of Bloomington, Ill., H. R. Nevins of Indianapolis, state director for the State Farm companies in Indiana, was elected a director. The new business the first six months exceeded that of the similar period last year by 20.4%. Insurance in force as of June 30 was \$110,712,810, gain 7.9%. The assets are \$8,436,769 and the surplus to policyholders \$1,202,112.

Golden State Observes Milestone

LOS ANGELES—Golden State Mutual Life is celebrating its 18th anniversary with \$10,450,000 of insurance in force and assets of \$1,030,659. Its health and accident income exceeds \$365,000 per year. It is the only California company owned and operated by Negroes. It operates in Illinois and has been admitted to Texas.

Officers are: William Nickerson, president and manager; George A. Beavers, vice-president and director of agencies; Norman O. Houston, secretary-treasurer, and Edgar J. Johnson, assistant secretary.

Golden State started with \$17,800 of resources in 1925, consisting of \$15,000 guarantee fund and \$2,800 of advance premiums paid by 500 applicants for policies. It is now on a mutual legal reserve basis.

Standard Reliance Life of Lincoln, Neb., has purchased the home headquarters building on South 13th street of National Assurance, which is being liquidated by the Nebraska department. The building which originally cost \$40,000 was sold for \$16,000 at public sale.

NEW YORK

PENSION PLANNING SERIES

Pension Planning Company, 527 Fifth avenue, New York City, consultants on employe benefit programs including pension, profit-sharing and stock-bonus plans, is beginning a series of mailings dealing with these subjects. The first of the series contains relevant sections of the internal revenue code as amended Oct. 21, 1942, and regulations T. D. 5278. Future issues will include questions and answers on various problems presented by employers and employees. Criticisms and suggestions are invited. Meyer M. Goldstein is director of Pension Planning Company.

NEW YORK CITY SALES

The New York City Life Underwriters Association announces that the estimate of total sales of ordinary life insurance in New York City for June, 1943, is \$46,423,000 which compares with \$34,463,000 reported for June of last year.

WITH PEYSER AGENCY

E. G. Van Den Bout, supervisor in the Daniel Forman agency of Manhattan Life at Albany prior to entering the coast guard, has become assistant to General Agent P. A. Peyser, New York. Mr. Van Den Bout has been attending officers' training school six months but has received a medical discharge. He is a graduate of Syracuse University.

"Who Writes What?" will help you place that business. \$2.50 from National Underwriter.

LIFE AGENCY CHANGES

Douglass Joins Occidental Life in Little Rock

A. J. Douglass has been appointed general agent in Little Rock, Ark., by Occidental Life of California. T. C. Corley, who has headed the Little Rock agency since 1938, will devote his time to personal production.

Mr. Douglass is a native of Arkansas and entered life insurance in 1935



A. J. DOUGLASS

with Metropolitan Life. In his first year he led the entire Little Rock office in production. In 1936 he joined Jefferson Standard Life and was subsequently named manager in Fort Smith, Ark. In 1941 he was made supervisor of the Little Rock agency.

Midland Mutual Life Names New Canton General Agent

H. Don Michel of Cleveland has been appointed general agent by the Midland Mutual Life



H. Don Michel

for the Canton, Ohio, territory. He formerly represented the company. He now returns to Canton after an eight-year absence to head the agency in his former home town. He has had 22 years of successful life insurance experience. He was one of the founders and is a past president of the Canton Life Underwriters Association. Offices have been moved to 501 First National Bank building. Associated with Mr. Michel in his new position will be C. L. Warstler, J. J. Willaman and E. C. Roberts.

Myers & Hewett Named

The Myers & Hewett Agency, Akron, O., has been named general agent for Occidental Life of California. Robert L. Myers, senior member, started in life insurance immediately after completing his schooling by joining a large general agency in Dayton. Later he associated with Ralph Hoyer, Columbus, O., general agent John Hancock Mutual, and was advanced to field manager of the

agency. He resigned to become regional manager of Commonwealth Life which position he left to go with Occidental.

L. R. Hewett started in life insurance with Commonwealth Life under Mr. Myers.

Indianapolis Life Names Ardery as Dallas Head

J. Howard Ardery, Jr., of Dallas becomes general agent for Indianapolis Life in that city.

He succeeds Lt. J. Paxton Matthews who was recently killed in an army plane crash. The Dallas agency was one of the first established by the company in Texas in 1921, and has been an outstanding one, having stood first a few years, and always near the top among all the agencies. It is the second largest of the agencies in amount of insurance in force. Mr. Ardery is a graduate of Princeton. Upon graduation he entered the securities and investment business in New York City and remained in that line until his return to Dallas to enter life insurance two years ago. After one year in the business, he completed all sections of C. L. U. examinations. In 1942 he stood tenth among all the company's men in volume of new business, and for the first half of 1943 finished ninth.



J. H. ARDERY, JR.

Webster Field Assistant

H. A. Webster, Marlboro, Mass., has been appointed field assistant in the Travelers Boston branch office. A graduate of Industrial Lenders Technical Institute, he was formerly a salesman for the H. W. Peters Company in Roxbury, Mass., and then served as assistant manager of various branch offices of the Personal Finance Company.

S. B. Marquis to Los Angeles

S. B. Marquis, supervisor for the Willard Ewing agency of Provident Mutual Life in Chicago for the past 2½ years, is going to California where he will handle the Pasadena district of the Los Angeles agency under General Agent J. H. Cowles. Mr. Marquis has been with the company 20 years in the Chicago area, both as a personal producer and as a supervisor and general agent. He was one of the leading pro-

Takes San Francisco Post with Home Life

Hugh W. Davy of Salt Lake City, who becomes San Francisco manager of Home Life, is well qualified to intro-

duce Home Life's planned estates service to owners of life insurance in the San Francisco area. His entire life insurance experience has been with that company. For the past year he has assisted his brother, Elmer Davy, Salt Lake City general agent, in recruiting, training and directing new men. In the first six months of 1943 the Salt Lake City agency showed an increase of 126% in paid business over the same period last year. Mr. Davy qualified for the C.L.U. designation in 1938.



Hugh W. Davy

ducers of the company before he entered supervisory work.

Poeschel Joins Horton Agency

H. P. Poeschel, who for 11 years has been doing supervisory work for the group department at the home office of Prudential, has joined the Lester Horton agency of Home Life in Newark and will specialize in "planned estate service."

Adam Transferred to Detroit

Malcolm G. Adam, group assistant of Travelers Cleveland branch office, has been transferred to the Detroit office in the same capacity. His activities will cover territories both of the Detroit and Grand Rapids branch offices.

Carpenter Cleveland Supervisor

Allan W. Carpenter has been named supervisor of the Cleveland agency of Penn Mutual Life, under E. L. Reiley, general agent. He was formerly with Mutual Benefit Life and went there from Philadelphia 2½ years ago.

SALES MEETS

Business Men's Assurance Holds Coast Conferences

A sales conference of Business Men's Assurance, attended by representatives from Utah, Idaho and Nevada, was held in Salt Lake City with Manager W. M. Jones in charge. President W. T. Grant and Treasurer Grant Torrance spoke, as did E. H. Howells, deputy insurance commissioner.

President Grant advocated the adoption of three policies looking to the control of inflation: (1) Increased taxes; (2) compulsory saving in the purchase of war bonds; (3) an increase in life insurance sales. He also favored the enactment of an excess profit tax measure on individuals, similar to the one applying to corporations, stating that there are millions of workers now enjoying an income from 100 to 500% above their normal peace-time earnings, due entirely to the war.

"In those cases," Mr. Grant said, "it would not be more unreasonable to tax these excess incomes than it is to tax corporate income on the same basis."

At Oceanlake, Ore., a meeting of Oregon salesmen was held under the supervision of E. M. Ward, Portland manager. Business for June was about one-third higher than in any month since the office was established and the gain for the year to date was 63%.

A meeting for western Washington was held in Seattle, under the leadership of Manager C. W. Rogers. Seattle organization shows an increase of 31% over the first half of 1942. Commissioner Sullivan was on the program. The Spokane sales force under Karl K. Krogue, manager, was celebrating its largest month's production in the history of the office, with a gain of 84% for the first six months. Deputy Commissioner Robert Hall was a guest at that meeting.

At Denver, Manager E. F. Gregory led the meeting of Colorado salesmen, who were 50% ahead for the first six months. Commissioner Kavanaugh and Ralph Nicholas, collector of internal revenue, were guests.

Agency meetings were conducted at Tulsa and Oklahoma City by Earl Howbert of New York Life's educational division in St. Louis.

James L. Collins, manager of the brokerage department of Occidental Life of California, has been making a tour of Texas agencies of his company.

For their July meeting the Detroit Life Agency Cashiers enjoyed an evening on an excursion boat on the Detroit river.

Latest Policy Changes

By JOHN H. RADER

The National Underwriter is the only weekly insurance newspaper providing its readers with important last minute policy and dividend changes. Compiled by John H. Rader, National Underwriter statistician, these weekly reports supplement the data contained in the Little Gem, published in April at \$2.50 a copy, and the Unique Manual-Digest, published in June at \$5 a copy.

Pacific Mutual's New Rate Scale

As announced in the July 23 issue of THE NATIONAL UNDERWRITER, Pacific Mutual is increasing non-participating rates on the limited payment life and endowment policies, both juvenile and adult departments. The ordinary life is affected only in ages 51 to 65, inclusive. All form of term, five and ten-year, life expectancy, term expectancy, family income and modified life remain on the rate schedule adopted July 1, 1941.

Retirement income, 10 and 15 year endowments, single premium contracts, joint 20-payment life and joint and survivor annuities were dropped from the new rate book. Non-forfeiture values remain unchanged. No changes were made in the participating department.

Illustrative Rates Given

Illustrative premium rates under the new scale for contracts which are more generally affected are:

Age	20 Life Pay at 60	20 Life P.U. at 60	20 Year End.	30 Year End.	End. at 60	End. at 65
0	\$22.49	...	\$46.82	...	...	...
5	21.65	...	46.63	...	...	...
9	21.65	...	45.73	...	...	...
10	21.89	\$13.13	45.71	\$28.09	\$15.53	\$14.21
15	23.80	14.92	45.83	28.28	17.85	16.15
20	25.95	17.18	46.01	28.60	20.81	18.58
21	26.38	17.68	46.02	28.66	21.48	19.12
22	26.83	18.21	46.03	28.72	22.17	19.68
23	27.29	18.77	46.05	28.79	22.90	20.28
24	27.76	19.37	46.07	28.88	23.68	20.91
25	28.25	20.02	46.11	28.98	24.52	21.58
26	28.78	20.71	46.16	29.11	25.43	22.29
27	29.31	21.46	46.24	29.24	26.41	23.01
28	29.88	22.25	46.32	29.40	27.46	23.81
29	30.46	23.09	46.42	29.59	28.59	24.68
30	31.06	23.98	46.52	29.79	29.79	25.59
31	31.65	24.93	46.62	29.99	31.06	26.54
32	32.27	25.96	46.74	30.21	32.42	27.56
33	32.92	27.06	46.88	30.47	33.88	28.65
34	33.59	28.27	47.04	30.76	35.45	29.82
35	34.27	29.57	47.21	31.07	37.16	31.07
36	35.06	31.06	47.48	31.45	39.03	32.48
37	35.86	32.67	47.77	31.93	41.09	34.00
38	36.69	34.43	48.08	32.41	43.35	35.52
39	37.55	36.34	48.42	32.94	45.94	37.25
40	38.46	38.46	48.80	33.53	48.80	39.15
41	39.37	40.78	49.20	34.15	...	41.19
42	40.32	43.35	49.63	34.82	...	43.39
43	41.32	46.06	50.11	35.56	...	45.66
44	42.37	49.31	50.64	36.37	...	48.30
45	43.47	53.02	51.22	37.25	...	51.22
46	44.59	57.31	51.84	38.19	...	...
47	45.77	62.22	52.51	39.21	...	...
48	46.99	67.81	53.24	40.33	...	...
49	48.29	74.16	54.05	41.54	...	...
50	49.64	81.36	54.93	42.85	...	...
51	51.08	...	55.89	44.27	...	...
52	52.59	...	56.95	45.80	...	...
53	54.19	...	58.11	47.47	...	...
54	55.88	...	59.36	49.28	...	...
55	57.67	...	60.74	51.26	...	...
56	59.58	...	62.25	...	...	...
57	61.61	...	63.89	...	...	...
58	63.77	...	65.69	...	...	...
59	66.09	...	67.64	...	...	...
60	68.58	...	69.78	...	...	...
61	71.25	...	72.12	...	...	...
62	74.10	...	74.67	...	...	...
63	77.18	...	77.46	...	...	...
64	80.49	...	80.51	...	...	...
65	84.06	...	84.19	...	...	...

Prudential Broadens Non-medical Rules

Prudential has liberalized its issuance of ordinary insurance on non-medical basis, Valentine Howell, vice-president and actuary, announced in a bulletin to field men. Certain changes also have been made in handling intermediate monthly premiums and weekly premium industrial new business applications.

New non-medical limits applicable to the total amount of ordinary, intermediate and wholesale non-medical insurance

that Prudential will issue on a single life within a two year period are:

Ages	Males and Single Females	
	Ord. Only	Including Intermed. and Wholesale
10-30	\$5,000	\$5,000
31-35	3,000	3,000
36-40	1,200	2,000

Ages	Women—Married or Formerly Married	
	Ord. Only	Including Intermed. and Wholesale
10-30	\$2,000	\$3,000
31-35	1,200	2,500
36-40	1,200	2,000

Ages 0-9 and over 40, no change.

Set Maximum at \$10,000

The maximum amount of intermediate insurance—medical and non-medical—that may be issued on one life remains as before for all ages. Under no circumstances, Mr. Howell stated, will Prudential issue more than \$10,000 non-medical on any one life over any period of time unless an ordinary medical examination has intervened. The limits are subject to special state requirements.

Modified life 3, modified life 5, modified life 3-20 and term insurance, including preliminary term, now may be written on non-medical basis with the above limits subject to the usual minimum limits of amount on which these plans are issued, but a full medical report is required on temporary income and family income policies.

Recent liberalizations in home office underwriting rules permit acceptance on non-medical basis of many industrial and intermediate applications which heretofore have required medical because of underweight, overweight and certain physical impairments and histories, Mr. Howell stated. Thus many examinations now are being ordered by field men on cases which can be accepted non-medically under the liberalized practice.

Urges Non-medical Submissions

Therefore he suggests for the time being agents order examinations only when required because of age and amount, but in all other cases application should be submitted directly to the home office which will order a medical examination if necessary.

Only full time special agents having the non-medical privilege can write business on this basis for Prudential. However, managers and assistant managers have the privilege and can complete the non-medical forms for special agents and brokers who are not eligible to do so.

Connecticut Mutual Has

Annuity Income Endowment

Connecticut Mutual has added a new annuity income endowment at 65, providing \$1,000 insurance, or cash value if

greater, prior to maturity. At age 65, male or female, a monthly life income of \$10 per \$1,000 begins, guaranteed for 100 months.

The policy is participating prior to maturity and dividends may be used to purchase additional insurance. Annual premium rates are:

Age	Premium		1943 Dividends—Male			
	Male	Female	1	5	10	20
16	\$22.72	\$24.54	\$3.44	\$3.69	\$3.91	\$4.57
17	23.36	25.25	3.47	3.69	3.94	4.63
18	24.03	26.01	3.50	3.72	3.98	4.72
19	24.74	26.81	3.52	3.73	4.01	4.78
20	25.49	27.65	3.56	3.76	4.05	4.87
21	26.28	28.54	3.57	3.78	4.10	4.96
22	27.11	29.48	3.58	3.81	4.14	5.06
23	27.99	30.46	3.60	3.83	4.19	5.14
24	28.91	31.51	3.62	3.87	4.24	5.27
25	29.90	32.61	3.62	3.90	4.29	5.38
26	30.94	33.79	3.65	3.93	4.36	5.50
27	32.04	35.03	3.67	3.97	4.42	5.62
28	33.21	36.35	3.71	4.03	4.51	5.77
29	34.46	37.76	3.73	4.07	4.57	5.92
30	35.79	39.25	3.77	4.12	4.66	6.09
31	37.20	40.84	3.81	4.18	4.75	6.28
32	38.72	42.55	3.84	4.24	4.86	6.48
33	40.33	44.37	3.88	4.31	4.94	6.68
34	42.06	46.32	3.93	4.39	5.06	6.90
35	43.92	48.41	3.98	4.47	5.20	7.14
36	45.92	50.66	4.02	4.54	5.30	7.40
37	48.07	53.08	4.05	4.60	5.42	7.66
38	50.40	55.70	4.09	4.68	5.54	7.95
39	52.91	58.54	4.14	4.76	5.70	8.34
40	55.64	61.61	4.18	4.85	5.85	8.77
41	58.61	64.95	4.20	4.91	6.00	9.19
42	61.85	68.61	4.23	5.00	6.15	9.63
43	65.40	72.61	4.25	5.08	6.33	10.20
44	69.31	77.01	4.28	5.18	6.52	10.77
45	73.62	81.87	4.32	5.29	6.73	11.40
46	78.39	87.26	4.31	5.36	6.93	...
47	83.70	93.26	4.30	5.44	7.15	...
48	89.68	99.97	4.30	5.55	7.42	...
49	96.40	107.57	4.29	5.65	7.70	...
50	104.01	116.17	4.28	5.77	8.02	...
51	112.70	125.99	4.28	5.91	8.41	...
52	122.76	137.36	4.26	6.08	8.97	...
53	134.50	150.63	4.24	6.26	9.62	...
54	148.33	166.27	4.22	6.48	10.39	...
55	164.88	185.07	4.19	6.75	11.30	...

Victory Mutual Has Double Protection to 65 Form

Victory Mutual of Chicago now is writing a double protection to age 65 contract under the name "Double protection special low cost policy." In addition to the usual feature of double insurance protection to age 65, this policy provides waiver of premium in event of total and permanent disability prior to age 60. Illustrative premium rates are:

Age	Prem.	Age	Prem.	Age	Prem.
16	\$30.92	29	\$39.20	42	\$54.78
17	31.38	30	40.06	43	56.46
18	31.88	31	40.98	44	58.24
19	32.40	32	41.96	45	60.10
20	32.96	33	42.96	46	62.04
21	33.54	34	44.04	47	64.10
22	34.12	35	45.14	48	66.26
23	34.76	36	46.30	49	68.50
24	35.42	37	47.54	50	70.82
25	36.10	38	48.84	51	73.22
26	36.82	39	50.22	52	75.74
27	37.58	40	51.66	53	78.30
28	38.36	41	53.20	54	80.92
				55	83.56

Agnew Denies Reports He Will Succeed Caminetti

SAN FRANCISCO—Persistent reports that Frank J. Agnew is to be appointed insurance commissioner of California, succeeding A. Caminetti, Jr., whose term expired June 20, but who is still serving, have brought forth emphatic denial that he is interested in the appointment. Mr. Agnew, who is in charge of public relations for the National Board in eight western states, and who has been singularly successful in his work, states that he would not under any consideration accept the appointment.

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W. LEE BALDWIN

President

AMONG COMPANY MEN

Anderson Heads Occidental Life's Group Department

P. M. Anderson has been elected assistant vice-president of Occidental Life of California. He will have general charge of group activities and their coordination with Occidental's other departments.

Mr. Anderson was for many years Occidental's general agent in the Far



P. M. ANDERSON

East with headquarters in Shanghai, and was at his post when the United States entered the war. He rendered effective service to Americans in China as chairman of the American Red Cross. He was imprisoned by the Japanese for a short time, but was released to act as semi-official liaison officer between the invaders and the people of Shanghai. He finally was able to leave the Orient on the Gripsholm with Ambassador Grew's party. For the past year he has been attached to the home office.

Other Group Promotions

E. S. Jensen, for several years assistant secretary, has been promoted from group secretary to group superintendent and will have complete supervision of all group sales and field representatives. He has been with Occidental's group department many years and has played a material part in its development. As heretofore, sales activities of the group department will remain under the general direction of Vice-president V. H. Jenkins.

E. H. Neuschwander will continue as group actuary. He will have charge of all group statistics, and will be responsible for the actuarial functions of the department, including underwriting, policy forms, statements, etc.

D. D. Lowmiller, for many years active in group insurance circles in the midwest, who recently joined Occidental, will become group secretary, in charge of group cash and cost accounting and service activities, including premium collection, distribution and commission accounting.

LeClair Joins Omaha Companies

Howard LeClair, who has resigned as chief deputy insurance commissioner of Washington effective Sept. 1 to join the legal department of Mutual Benefit Health & Accident, United Benefit Life, graduated from Seattle College in 1925 and from the University of Washington law school in 1929. He practiced law in Seattle for five years, joining the staff of the state attorney-gen-

eral in 1934. He was appointed chief deputy by Commissioner Sullivan in 1938.

Harry J. Nelson Leaves Mutual Trust Life

Harry J. Nelson is leaving Mutual Trust Life after 21 years of continuous service. He started in 1922 as a soliciting agent in Chicago. Early in 1923 he was transferred to Hartford as cashier in charge of the newly opened New England branch office.

Returning to the home office in July, 1924, Mr. Nelson was placed in charge of the first year department. In 1930 he was made assistant agency secretary, working with Agency Secretary B. N. Woodson (now of the Sales Research Bureau) until Mr. Woodson's transfer to Seattle, at which time Mr. Nelson was made agency secretary. For the past 3½ years he has been the registrar and manager of the policy department, his duties including preparation of trust settlement agreements. Mr. Nelson's plan for the future have not yet been announced.



H. J. NELSON

Jerry Ralls has resigned as treasurer of the Peoria Life Insurance Cashiers Association, due to his pending induction into the army.

COAST

Must Itemize Deductions

SAN FRANCISCO—Insurance companies are being reminded that under a bill passed at the last session of the legislature, effective Aug. 4, they are required to furnish to all employees a statement of deductions made from their wages or salaries. Apparently some insurers have been under the impression that the requirement did not apply to them. However, the measure is all-inclusive and under its provisions every employer must furnish the required itemized statement of deductions to employees either semi-monthly or at the time of payment of wages or salary.

Hold Cal. License Examinations

License examinations are being held in San Francisco July 30 for fire and casualty agents and solicitors who received temporary licenses in March and for life and disability agents who have been operating under temporary licenses since February. Similar examinations were held at Sacramento July 26.

RECORDS

Boston Mutual Life—Reports new paid business for the first six months of \$9,405,605. The total insurance in force was \$116,133,189. In June the company doubled its 1942 record for ordinary paid-for. The leading personal producers were Agent Maurice Blonder of the Dorchester, Mass., district in the ordinary division and Agent M. B. Carvalho of the Fall River district in industrial.

Great American Life, Tex.—For the first six months ordinary business written and paid for increased 82% and industrial business was 35% ahead.

ASSOCIATIONS

New York City Manager Assumes New Position

Ralph F. Burns, who has become executive manager of the New York City Life Underwriters Association, succeeds J. M. Hughes, who went with the Home Life of New York at its head office. This is one of the most important positions of the kind in the country. The New York City association is a very dynamic, resourceful, active, powerful body. Therefore it takes a man of parts to run the machinery. Mr. Burns has been prominent in fraternity activities. He was editor of the "Tomahawk," the organ of Alpha Sigma Phi, and executive secretary of the fraternity.



R. F. BURNS

Belleville, Ont.—R. B. Morden, Canada Life, has been elected president; R. B. Morden, Prudential, vice-president, and F. J. McArthur, Great-West Life, secretary-treasurer. Directors are: A. E. Salter, Excelsior Life; Harper Kelly, Metropolitan; J. N. Anton, London Life; A. G. Stackhouse, Manufacturers Life.

Pittsburg, Kan.—New officers are: E. C. Miller, United Benefit Life, president; Dio D. Daily, Massachusetts Mutual, vice-president; John S. Kerns, Northwestern Mutual, national committeeman; P. J. Akins, Mutual Life, secretary-treasurer.

Guests at the meeting were Leo Porter, deputy administrator War Savings Staff, Wichita, and Henry Myers of the Internal Revenue Office, Wichita. Following the meeting the men attended in a group a war bond meeting.

Pine Bluff, Ark.—Harry Brown, Penn Mutual, past president of the Little Rock association, spoke on "What Life Underwriters Association." The Pine Bluff association was organized only a short time ago.

Little Rock, Ark.—George H. Wittenberg, Jr., John Hancock, has been installed as president. Other officers are: Percy Richards, New York Life is vice-president; C. E. Hayes, Union Central, secretary-treasurer; D. A. Bray, Union Life, Paul Welker, Metropolitan, and Frank Marks, Life & Casualty, directors.

Jackson, Mich.—The annual picnic will be held Aug. 4. "Industrial" and "ordinary" teams will meet in a baseball game.

Knoxville, Tenn.—Sixty members of the Knoxville association have been certified to the Treasury Department for the local war bond allotment drive. W. L. Ambrose is chairman of the war bond committee with W. S. Fleanor and H. E. Bearden as co-chairmen. Plans have been made for an educational campaign with a "speakers bureau" of 20 to address civic groups and public schools.

Convention Dates

Aug. 23-25, Insurance Section American Bar Association, Chicago, Medinah Club.

Sept. 13-14, International Claim Association, Chicago, Edgewater Beach Hotel.

Sept. 13-16, National Association of Life Underwriters, Pittsburgh, William Penn Hotel.

Sept. 25-27, Life Office Management Association, Chicago, Edgewater Beach Hotel.

Sept. 28-30, National Fraternal Congress, Cleveland, Hotel Cleveland.

Oct. 4-7, American Life Convention, Chicago, Edgewater Beach Hotel.

Oct. 13-14, Actuarial Society of America, New York City, Waldorf-Astoria Hotel.

Oct. 15-16, Institute of Home Office Underwriters, Chicago, Edgewater Beach Hotel.

Nov. 16-18—Research Bureau and Life Agency Officers, Chicago, Edgewater Beach Hotel.

Dec. 2-3, Association of Life Insurance Presidents, New York City, Waldorf-Astoria.

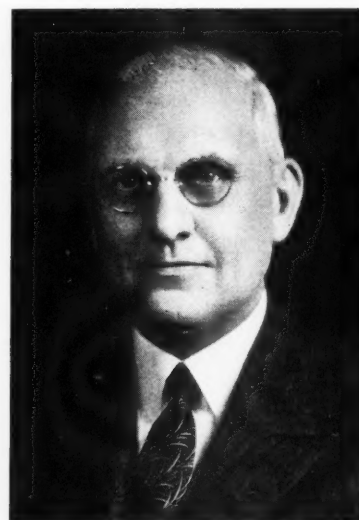
Swanstrom Succeeds Swansen



GERALD M. SWANSTROM

MILWAUKEE — Gerald M. Swanstrom was elected general counsel of Northwestern Mutual Life at the annual trustees' meeting here to succeed Sam T. Swansen, who has reached the retirement age. Mr. Swanstrom joined the legal department as assistant counsel in 1933, coming from Minneapolis where he was engaged in the practice of law following his graduation from the University of Minnesota in 1923.

Mr. Swansen graduated from the University of Wisconsin law school in 1892, and began practice in Madison, Wis. He was appointed assistant counsel of Northwestern Mutual Life in 1916, assistant general counsel in 1929, and gen-



SAM T. SWANSEN

eral counsel in 1930, following the death of George Lines.

Edmund Fitzgerald, vice-president, was elected to the executive committee to succeed the late Max W. Babb. The new policyholders' examining committee named by the trustees consists of G. D. Peet, Montclair, N. J., president of Wallace & Tiernan Sales Corporation, Ed. J. McMillan, president Standard Knitting Mills, Knoxville, Tenn.; S. L. Call, president of Journal Printing Co., Springfield, Ill.; Gustave W. Buchen, lawyer and state senator, Sheboygan, Wis., and J. A. Keogh, vice-president and comptroller of Allis-Chalmers Mfg. Co., Milwaukee.

LEGAL RESERVE FRATERALS

Paying \$1,186 Premiums on \$1,000 Policy Doesn't Vest Beneficiary with Interest

Despite the fact that a beneficiary who had predeceased the assured by 23 days had paid premiums totaling \$1,186 on a \$1,000 policy and despite the fact that the assured had signified her intention to change the beneficiary the Iowa supreme court in *Kubin vs. Kubin et al.* awarded the proceeds to the grandson of the assured, he being the son of the original beneficiary. The proceeds were sought by the second wife of the named beneficiary as executrix of his estate.

The policy was with Western Bohemian Fraternal Association. Anna Kubin was the assured. Her son, Edward Kubin, was the named beneficiary. George Kubin is the grandson and Anna Mary Kubin, the second wife.

The certificate and by-laws of Western Bohemian provide that when the beneficiary predeceases the assured and no change of beneficiary is made, the proceeds shall be paid to the blood relatives and legal heirs of the assured.

Anna Mary Kubin claimed an equitable interest upon the proceeds on account of premiums paid by Edward for his mother. However, the court stated the fraternal statute is plain that the interest of a beneficiary does not vest until the certificate is due and the assured may at any time change the beneficiary.

There was evidence that Anna Kubin expressed the desire to change the beneficiary to her son's widow and told a representative of Western Bohemian she would do so when she recovered from her illness. This proof, the court stated, is wholly insufficient to bring the case within any of the exceptions to the rule requiring compliance with the procedure prescribed by the contract to effectuate a change of beneficiary.

Vernon F. Kepford of Toledo, Ia., and Hyland & Hyland of Tama, Ia., represented the grandson, and F. J. Kremenak of Toledo and Willett & Willett of Tama, the wife.

Statement to Lawyer as to Suicide Intent Is Held to Be Not Privileged

Holding that the lower court erred in refusing to admit the testimony of a lawyer to whom an assured had confided that he intended to commit suicide, the U. S. Circuit Court of Appeals for the Fifth Circuit remanded for new trial suits to collect under a \$5,000 policy of Modern Woodmen and another of the same amount of Woodmen of the World of Omaha.

Tom E. Watkins was the insured and Gertrude Watkins, the beneficiary. Early in the morning of Dec. 15, 1940, Tom Watkins was found unconscious in front of his parked automobile near Boyton, Fla. He died shortly thereafter. He had been drinking the previous day and night. A can of potassium cyanide was in the car and there was found a small quantity of cyanide in the brain.

Errol S. Willes, a lawyer and manager of a small loan company of Fort Pierce, Fla., had a visit from Watkins the day before the latter's death. Watkins borrowed \$50, had a drink with Willes, discussed some problems, and among other things stated that he intended either to "go west" or they'd find him in the river before anything happened. The lower court refused to permit that testimony on the theory that the relationship of attorney and client existed and that the matter was privileged and inadmissible.

The privilege, the higher court held, does not extend to every statement to a lawyer. If the statement is about matters unconnected with the business at hand, or in a general conversation, or to

the lawyer merely as a personal friend, the matter is not privileged. The fact that a person is a lawyer does not disqualify him as a witness. The court did not undertake to rule on the question of whether statements as to intended suicide are ever privileged. It was not necessary to decide on that point, because the remarks of Watkins were made in a general conversation.

Representing the insurers were Walker Liddon of Fort Pierce; G. G. Perrin and G. H. McDonald of Rock Island, Ill., and Rainey I. Wells of Omaha and the attorneys for Gertrude Watkins were R. K. Lewis of West Palm Beach and Dewey Crawford of Fort Pierce.

Blatter Is Ohio Manager

O. H. Blatter of Newark, O., has been appointed state manager by Modern Woodmen. He succeeds William Wiles, who recently was appointed a director of the society. Mr. Blatter started as a local agent in Ohio in 1917 and became a district manager in 1919. He resigned early in 1940 to enter another line of business.

John L. Sundean, Nebraska lawyer who led a national movement about 20 years ago to prevent Modern Woodmen from shifting its rate basis from the original fraternal schedule to its present legal reserve basis, died. He specialized in representing groups of original holders of fraternal policies issued on low rate bases, and is credited with having caused much difficulties for state lodges of A.O.U.W.

Aid Association for Lutherans has withdrawn from the province of Alberta.

IN U. S. WAR SERVICE

S. S. Hollingsworth, formerly a clerk and later an underwriter at the home office of Penn Mutual Life, was a lieutenant aboard the battleship "Helena" when it was sunk off the Solomon Islands. Of the 400 members of the crew who escaped from the Helena, 157 were taken from a Japanese-held island when an American destroyer made a daring rescue trip. Lt. Hollingsworth was one of the 157, according to a report received by his cousin, George R. White, actuary of Penn Mutual.

Eric G. Johnson, who has been a major in the army, has been promoted to lieutenant-colonel. He is on leave of absence from his position as vice-president of agency affairs of Penn Mutual Life. As lieutenant-colonel he is chief of the military branch, personnel division, at the headquarters of the Third Service Command, stationed at Baltimore. The new work involves the coordination and supervision of all military personnel matters affecting officers, enlisted men and WACS in all installations of the army service forces in the command. It has to do with the planning, allotments, promotions, transfers, recruiting and induction in three states.

Maj. Sidney H. Wiedermann, First United States Armored Division in Africa, son of B. A. Wiedermann, San Antonio manager of Union Central Life and formerly a personal producer in that agency, has been decorated and cited for exceptional and meritorious service in Tunisia.

Record Sales in Anniversary Drive

(CONTINUED FROM PAGE 1)

force. The company is engaged in research work for the future, he said, seeking untouched fields in life insurance. A new program has been launched which will devote much sales effort to the farmer.

Mr. Graham touched on the pension trust division which has been established at the home office. He said that only agents who are specialized in pension trusts should devote their time to selling them because of the special knowledge that is required to service this type of insurance.

Mr. Miner read a telegram which was sent to President T. I. Parkinson on behalf of the agents and general managers expressing their appreciation for his wise piloting of the company.

Motion Pictures Are Shown

Two motion pictures were shown following luncheon, "To Each Other," which tells the story of steel, loaned by United States Steel Company, and "The Battle of Britain." Lt. Col. Keith Morgan, chief of management branch, industrial services division, bureau of public relations, war department, spoke briefly before the second picture.

He introduced Sergeant George Williams, a former Equitable agent, who served in the air force overseas and wears the air service medal and Purple Heart. Sergeant Williams, who has spent 10 months in hospital recuperating from wounds received in a battle over France, described his experiences in a Flying Fortress.

Praises Soundness of Pension Trust

(CONTINUED FROM PAGE 3)

sisting that regardless of the type of formula used the proportion of the deduction claimed must come under "past service costs" covered under (iii) instead of (ii).

Promulgation of the regulations imposes certain obligations on life companies which will necessarily result in considerable work by home office staffs. This, in turn, will naturally result in decreased commissions on pension trust sales. It is also possible that because of the new method proposed for determining the cost of the life insurance element of a retirement annuity policy, and of the necessity of elasticity implied in the regulations, life companies may be forced to issue new contracts designed specifically for pension trusts.

Much Service Demanded

The regulations also will give life men not only a vast amount of additional work to do in order to complete a sale but also an exceedingly large measure of servicing work. This will impose certain limits on pension trusts that an individual agent can handle by himself.

Eventually the regulations will result in opening up the whole field of business to pension trusts and it may be anticipated pension trusts in future will be much more common than they have been at any time in the past.

Mr. Josephson observed there appeared to be a misunderstanding regarding the purpose of the regulations when

the first \$3,000 or less earned by employees was excluded from participation in a plan. If that group is excluded, then the benefits to those included by the plan may not be all out of proportion to what social security benefits would have been had they been extended to salaries over \$3,000. The excuse can not be used for eliminating all those earning under \$3,000 that they are covered by social security and then the employer turns around and gives those employees with larger incomes higher proportionate benefits.

Increase Difficulties for Agents

The new regulations make it still more difficult for the average agent to sell pension trust plans, Mr. Josephson believes. He advocates an opening presentation be learned, and if interest in a pension trust plan develops, experienced assistance should be called in to develop the plan. Mr. Josephson has been studying the regulations 10 days, the time required for him to feel that he had grasped his subject. He obtained a one week postponement on three cases scheduled for presentation in order that he would have time to familiarize himself with details of the new regulations.

The new Treasury pension trust regulations are very fair and should operate soundly for the benefit of all concerned, according to D. B. Fluegelman, Recht agency of Northwestern Mutual Life, and one of the leading producers in the pension trust field in New York City. The regulations follow the line of thought of the best pension trust writers in the past and give precise information on some moot questions, he said.

Due cognizance must be now given to part services of employees as well as future services under new plans. Old plans may continue in force, but must be brought into line by Dec. 31, 1943.

Mr. Fluegelman said the regulations indicate the government is desirous of setting up as many legitimate plans as possible in order to take money out of circulation and curb inflation. He has been holding plans for four or five pension trusts in abeyance until there was opportunity to give full study to the regulations. Pension trusts should be more widely sold under the new regulations because many points have been clarified, he said.

Mr. Fluegelman is a large personal producer and is considered particularly capable in the pension trust and business insurance field.

Investors Syndicate Trial Is Set for Next Month

The action filed as a complaint by the Securities & Exchange Commission against Investors Syndicate and its two subsidiaries has been set by Federal Judge Nordbye at St. Paul for Aug. 30. The trial date was set in conjunction with the motion by the SEC counsel withdrawing a petition for a preliminary injunction in favor of hearing the full complaint as well as a motion for a permanent injunction at the August trial. The SEC has accused Investors Syndicate of violating certain federal securities laws and charged some officers with gross misconduct.

The answer to practically any statistical question is in the *Unique Manual-Digest*. \$5 from National Underwriter.

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Dora Alexander Talley, President
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A Policy to Fit the Need—
A Rate to Fit the Purse
INQUIRIES FROM PROSPECTIVE AGENTS INVITED
STANDARD LIFE ASSOCIATION
HOME OFFICE FOUNDED IN 1890 LAWRENCE, KANSAS

Eyes Banks' Policy Loan Practices

(CONTINUED FROM PAGE 11)

in case of the borrower's death before his loan has been repaid, Mr. Strahorn suggested that wherever possible the beneficiary should be made the same person or persons, or where this is not feasible, the insured should have the estate made beneficiary. In some companies the beneficiaries can be reinstated subject to the assignment. For estate tax reasons, the borrower's estate sacrifices considerable if he dies and life insurance proceeds go direct to his estate for distribution. If the face value of several policies is far in excess of the loan, a possible method to avoid dispute over which proceeds should be used on death of the borrower is to have in the banks file a written statement from the borrower that suggests what his intentions were in case he died prior to paying the loan. Otherwise the bank might have to defend a suit by one of the many beneficiaries, claiming misuse of the proceeds.

Premium payments should be checked by the bank to maintain knowledge of the situation, Mr. Strahorn stated. Practically all companies now send duplicate notice to assignees or will send them if requested.

Effect of Nonforfeiture Provisions

Nonforfeiture provisions in policies have considerable bearing on the collateral contract, whether these provisions take the form of automatic premium loans, extended term insurance, or paid up insurance. From the policyholder's point of view, the automatic premium loan provision is the best nonforfeiture value. It keeps the policy in force under its original plan and in an emergency might prevent lapse which would require new proof of insurability. Where the bank-assignee is dealing with a customer who habitually skips premium payments on account of his automatic loan provision, it might be feasible to have this provision made ineffective except on prior approval of the assignee, he stated. On the type of policy where the cash surrender value is not obtainable except when there is a default in payment of the premiums, the bank might find it advantageous to remove the automatic premium loan authorization. Under extended term insurance, where nonforfeiture provisions vary to a great extent, the bank must check every policy carefully because the cash value decreases as the term progresses and eventually expires. The operation of the nonforfeiture provision which converts a defaulted policy to paid up insurance generally has no effect on the cash surrender value. In most companies the cash value remains the same and even increases gradually without further premium payments.

Banks generally are extremely skeptical of the borrower who wants to get as much as he can on the contract, Mr. Strahorn said. The cash surrender value is usually the proper limit of loan and it can usually be obtained from the company if the assignment is proper, though not always, he stated. In some policies there must be a default in premium payments before it is available, and the bank assignee must resort to borrowing under its assignment rights if the insured pays his premiums.

The legal difficulties in assigning life policies as collateral constitute a very burdensome task for a bank loan officer, he stated. Technicalities involved make the task very discouraging. It is difficult to hold up the loan while the bank's counsel is consulted. Yet it is almost impossible for even attorneys to reconcile legal inconsistencies. One banker comments that where the insured has reserved the right to change the beneficiary the laws of various states are hopelessly irreconcilable. The fundamental principle of the assignment of a life policy is based on the recognition that the contract of insurance is a freely assignable chose in action if there are no provisions in the policy to the contrary.

Mr. Strahorn discussed the legal rights of a beneficiary as affected by an assignment. Some court cases hold that during the life time of insured the beneficiary has an interest in the policy at least sufficient to require that any act of insured which would affect beneficiary's interest shall be done in accordance with the provisions of the policy and that even though insured has reserved the right to change the beneficiary, he does not have the right to make an assignment of the policy without the consent of the beneficiary unless he first changes the beneficiary in accordance with the provisions of the policy. Another broad group of cases holds that the beneficiary has no property right in the policy during insured's lifetime and that the provisions of the policy prescribing a procedure for changing the beneficiary are for the protection of the insurance company, not of the beneficiary. The number and standing of the courts that adhere to the first view are so impressive that in accepting an assignment the bank should first be sure that the interest of the beneficiary has been either removed or definitely made subject to the assignment.

The bank can create customer good will and benefit insured by strongly recommending annual payments of premiums, Mr. Strahorn believes. Also premium loans at 6% actual interest on the basis of the money advanced, assuming periodic reductions, will usually save the insured money as against total payments on a monthly, quarterly or semi-annual basis.

Companies Lose Service Age Men

(CONTINUED FROM PAGE 3)

Hartshorn, Hartford manager Metropolitan Life, and Ralph W. Hoyer, Columbus, O., manager John Hancock, with Mr. Hobbs as chairman, for the National Association of Life Underwriters. Byron K. Elliott, vice-president and general counsel John Hancock; O. J. Lacy, president California Western States Life; Lee J. Dougherty, vice-president Occidental Life; A. J. McAndless, president Lincoln National Life; Julian Price, president Jefferson Standard, and John A. Stevenson, president Penn Mutual, with Judge Elliott as chairman, for the American Life Convention. James A. Fulton, president Home Life, N. Y.; Col. Franklin D'Olier, president Prudential; George L. Harrison, president New York Life; Alexander E. Patterson, executive vice-president Mutual Life, N. Y.; George Willard Smith, president New England Mutual Life, and L. Edmund Zacher, president Travelers, with Mr. Fulton as chairman, for the Association of Life Insurance Presidents. Judge Elliott acted as chairman of the joint committee.

Ranks of C.L.U. Now Total 2,424

(CONTINUED FROM PAGE 4)

V. R., Metropolitan, Woodhaven, N. Y.; Gordon, H. A., John Hancock, Pittsburgh, Pa.; Graham, R. J., Southwestern Life, Midland, Tex.; Green, W. C., Southwestern Life, Dallas; Grooms, C. V., Northwestern Mutual, Davenport, Ia.

Hall, J. W., Metropolitan, New York City; Hammonds, P. T., John Hancock, New Haven, Conn.; Haney, J. R., Prudential, Miami, Fla.; Haritos, B. G., John Hancock, Woodhaven, N. Y.; Hassel, R. L., Prudential, Lakewood, O.; Hawkins, J. D., Provident Mutual, Richmond, Va.; Hayes, J. H., Equitable Society, Boston; Herzberg, W. S., Prudential, Milwaukee; Hood, D. K., Equitable Society, Boston; Horton, R. M., Mutual Benefit, Albany, N. Y.; Hurrelbrink, H. L., Northwestern Mutual, Baltimore.

* * *

Jackson, J. B., John Hancock, Glendale, Cal.; Jannuzzi, F. H., Fidelity Mutual, Beaver Falls, Pa.

Kannensohn, H. J., Metropolitan, Youngstown, O.; Kaplan, Morris, New York Life, Kittanning, Pa.; Kenison, S. M., John Hancock, Chicago; Krebhiel, V. J., Aetna Life, Los Angeles.

Lawry, J. V., Northwestern Mutual, San Francisco; Lewis, P. O., Prudential, Oak Park, Ill.; Lindenbaum, M. L., Metropolitan, Bronx, N. Y.; Lindsley, H. P., Farmers & Bankers Life, Wichita, Kan.; Lindstrom, C. E., Travelers, Chicago; Loder, I. M., Mutual Life of N. Y., Lincoln, Neb.; Lynch, W. P., Prudential, Jersey City, N. J.; Lyon, A. H., Metropolitan, Chicago.

* * *

Maier, R. T., Phoenix Mutual, Boston; Maltentfort, H. L., Northwestern Mutual, Chicago; Manix, Sylvester, Old Line Life, Milwaukee; Mansell, P. E., Metropolitan, Youngstown, O.; McClung, J. R., Aetna Life, Topeka, Kan.; McCombs, W. E., Prudential, San Bernardino, Cal.; Metzger, F. J., Metropolitan, New York City; Miener, A. V., Prudential, Belleville, Ill.; Miller, G. A., Fidelity Mutual, Wilmington, Del.; Miller, L. R., Prudential, Staten Island, N. Y.; Mitchell, R. O., Mutual Life of N. Y., Pittsburgh, Pa.; Myer, R. E., Mutual Life of N. Y., New York City; Nelson, J. M., Metropolitan, St. Louis, Mo.; Noer, H. R., Wisconsin Life, Madison, Wis.

Ober, R. F., Connecticut Mutual, New Haven, Conn.; Olson, A. L., Equitable Society, Chicago.

* * *

Parkinson, D. B., Southwestern Life, Dallas, Tex.; Patterson, Nola E. (Mrs.), State Mutual Life, Atlanta, Ga.; Pels, F. F., Mutual Benefit, New York City; Pereny, Frank, Prudential, Detroit; Peters, P. H., John Hancock, Boston; Pomeroy, R. S. III, Penn Mutual, Rochester, N. Y.; Pratt, L. F. Jr., Penn Mutual, Knoxville, Tenn.

Quarto, P. A., John Hancock, New York City.

Radeke, C. H., Massachusetts Mutual, Springfield, Ill.; Reed, G. W., Supreme Liberty, Detroit; Reilly, W. J., Metropolitan, Cleveland Hgts., O.; Reynolds, R. N., Northwestern Mutual, Lancaster, Pa.; Root, E. P., Metropolitan, New York City; Rosch, A. G., Metropolitan, Brooklyn, N. Y.; Ruesch, P. T., Prudential, Waterbury, Conn.

Savasta, N. N., Metropolitan, Brooklyn, N. Y.; Schnell, F. A., Penn Mutual, Pe-

Kueckelhan Chief Deputy Washington Commissioner

SEATTLE—Commissioner Sullivan has appointed Lee I. Kueckelhan chief deputy insurance commissioner of Washington to succeed Howard LeClair, who has resigned effective Sept. 1 to join the legal department of Mutual Benefit Health & Accident and United Benefit Life.

Mr. Kueckelhan, who has been with the department since 1938, as assistant deputy in charge of the Seattle office, will make his headquarters at Olympia. The Seattle office will be under the supervision of Deputy E. W. Parks, who is head of the licensing department and also is supervisor in the office of the Washington Insurance Examining Bureau.

Mr. Kueckelhan has been in banking and insurance ever since 1917. For six years he was in the banking business at Seattle, starting in insurance in 1923 with the late T. C. Brownlee, founder of the Northwestern Mutual Accident of Seattle, which later became Northwestern Life & Accident. After six years with the company, Mr. Kueckelhan joined the Seattle Savings & Loan Association, returning to Northwestern Life & Accident in an executive capacity in 1933 and remaining there until 1938, when he was named assistant deputy commissioner.

Guarantee Mutual Figures

Guarantee Mutual Life in the first six months had an increase in assets of \$1,541,485, making the total \$31,248,500. Surplus increased to \$3,630,246, gain \$388,377. Premium and investment income was \$2,879,744.

Insurance in force increased to \$155,933,591, a gain of \$4,378,804. Payments to policyowners and beneficiaries were \$897,773 in the first half, \$42,616,973 since organization.

Merge Agent-Financing Offices

MINNEAPOLIS—Life Underwriters Credit Corporation has absorbed its allied company, Underwriters Discount Corporation. These companies have for several years been financing life agents through a large Minneapolis bank. Loans are made against renewal income on a long term, self-liquidating basis. Life Underwriters Credit Corporation has branch offices in 19 cities.

oria, Ill.; Schoenberg, S. I., Metropolitan, New York City; Seys, C. A., Northwestern Mutual, Grand Rapids; Shapiro, Benjamin, Metropolitan, Los Angeles; Shaver, R. L., Metropolitan, Akron, O.; Shelby, W. D. Jr., Acacia Mutual, Louisville; Siewers, C. N., Security Life & Trust, Winston-Salem, N. C.; Simpson, J. S., Metropolitan, Chicago; Skinner, H. L., Southwestern Life, Abilene, Tex.; Smiser, B. S., Southland Life, Fort Worth, Tex.; Smith, J. F., Metropolitan, New Orleans; Smith, L. R., Equitable Society, Topeka, Kan.; Snell, L. R., John Hancock, Glendale, Cal.; Snyder, Vera M. (Miss), Mutual Benefit, Des Moines; Sternhell, A. I., Metropolitan, Bronx, N. Y.; Stieglitz, H. F., Metropolitan, Brooklyn, N. Y.

* * *

Taylor, C. J., Beneficial Life, Oakland, Cal.; Taylor, J. L., Connecticut Mutual, Oakland, Cal.; Thompson, P. R., Metropolitan, Providence, R. I.; Thornton, J. E., Phoenix Mutual, Knoxville, Tenn.; Tinson, H. W. Jr., Prudential, Miami, Fla.; Tripp, A. F., New York Life, Harrisburg, Pa.

Valvo, N. I., Metropolitan, Buffalo, N. Y.

Walker, C. R., Connecticut Mutual, Hartford; Ward, D. L., Prudential, Dayton, O.; Warren, Norman, New York Life, New York City; Watson, H. M., Connecticut Mutual, Knoxville, Tenn.; Wentzel, J. M., Metropolitan, Cleveland Hgts., O.; Wigginton, W. L., Metropolitan, Newport, Ky.; William, B. D., Connecticut General, Los Angeles, Cal.; Wood, R. E., Phoenix Mutual, San Francisco; Wright, G. N. Jr., Northern Life, Great Falls, Mont.

Zola, A. E., Metropolitan, Bronx, N. Y.; Zolg, A. D., John Hancock, Dayton, O.

Figures for First Six Months

	New Paid Business 1943	New Paid Business 1942	Inc. in Ins. in Force 1943	Inc. in Ins. in Force 1942
Confederation Life	\$ 26,207,101	\$ 24,334,162	\$ 15,538,408	\$ 12,503,189
Farmers Union Life, Ia....	1,654,390	1,135,290	1,256,504	786,568
Fidelity Mutual Life.....	13,132,360	12,867,860	4,631,703	3,536,843
Home Beneficial, Va.....	4,749,926	4,260,042	3,130,124	2,243,250
Life of Virginia.....	44,627,963	46,436,051	18,964,015	14,330,031
Mass. Protective	1,656,816	1,812,788	821,598	924,040
Mutual Life, N. Y.....	82,481,008	88,050,339	—641,885	—14,044,592
Occidental Life, Cal.....	84,374,785	82,691,278	48,435,723	42,937,226
Oregon Mutual Life.....	3,032,162	2,983,221	1,780,967	1,178,772
Pacific Mutual Life.....	20,198,124	17,470,161	6,000,000	1,109,000
Pan-American Life.....	13,903,759	10,756,713	6,263,980	3,937,038
Paul Revere Life.....	4,354,669	4,312,062	2,426,610	1,998,644
Peninsular Life	9,149,232	9,031,121	5,080,415	2,073,879
Penn Mutual Life.....	56,926,832	67,894,119	12,710,268	16,461,681
Protective Life, Ala.....	6,691,088	5,515,666	6,095,156	4,574,211
Postal Life, N. Y.....	1,020,317	588,750	61,950	—693,974
West Coast Life.....	10,055,022	8,891,372	6,820,376	4,497,253
FRATERNALS				
Maccabees	14,805,895	17,222,783	2,243,023	1,410,829
Woodmen Circle	2,400,250	2,406,150	943,503	—13,248

Sales Ideas and Suggestions

App-a-Week Habit Insures Steady Production

NEW YORK—The biggest advantage of the app-a-week habit to the agent is that it constantly keeps him working for an application and he always has some business coming through, Herbert R. Coursen, assistant manager W. J. Dunsmore agency Equitable Society, said in describing how his app-a-week habit has continued uninterruptedly for 840 weeks. Mr. Coursen gets at least one application a week despite the fact that the past four years he has been responsible for a unit of 11 men and is able to spend only about four hours a day on his own business.

App-a-Week Advantages

Mr. Coursen does not recall how he started his app-a-week habit, but believes it was the result of something that Mr. Dunsmore, his manager, remarked about its advantages. Mr. Coursen never has had a month when he did not pay for some business. He usually has his application for the week written by Wednesday. While it is true that the fact he must find an acceptable risk before the week is over tends to hold down the average size of his policies, it insures a regular flow of placed policies, a continuing stream of first year commission checks, substantial renewal commissions, and an ever increasing clientele. For the first six months Mr. Coursen has written 40 applications, including 16 on old policyholders. Usually business on policyholders accounts for about 50% of his business.

The business that Mr. Coursen is writing this year does not differ from that he has written in the past. His prospects make up a diversified group engaged in occupations which can be found in any section of the country.

Some Typical Prospects

Typical examples of the prospects and business he is writing are as follows: Engineer, \$5,000 retirement annuity; engineer, \$2,000 ordinary life; housewife, \$2,000 30 pay life; child, \$1,000 juvenile; lithographer, \$5,000 ordinary life; sales engineer, \$3,000 retirement annuity; salesman, \$1,000 ordinary life; cost accountant, \$2,000 ordinary life; chemist, \$2,000 20 pay life; chiropractor, \$1,500 optional retirement; student, \$4,000 convertible; engineer, \$1,500 single premium whole life; accountant, \$10,000 2 year term; associate editor of magazine, \$1,000 convertible; woman, \$41,000 single premium; student, \$5,000 single premium. Incidentally, Mr. Coursen finds that his sales of single premium policies are increasing.

Prospects Near Home

With war conditions and the difficulty in getting sufficient gasoline, Mr. Coursen is devoting as much of his prospecting to an area near his home in New Jersey as he can so that he can make calls with a minimum of waste time and motion. He uses the telephone extensively, particularly with old policyholders. In fact, most of his new business on policyholders is written sight unseen until the policy is delivered, with examination arranged by phone. He utilizes lists extensively for circularization, names obtained from the telephone book and other sources, of people who live close to his home. He does not rely on club, friends or church contacts for business. He said that he can get tougher on the phone than he can when he is face to face with a prospect.

An important reason for Mr. Coursen's long record of continuous produc-

tion is his religious use of a change of age policyholder and prospect file. His secretary removes the cards monthly from the file for the following month and mails out birthday cards. Most people appreciate receiving birthday cards and Mr. Coursen has received some nice letters as a result of this practice. A few have written that they don't want to be reminded of their birthdays because they are well aware of them, so their cards are removed.

In addition to his change of age file, Mr. Coursen also keeps a file which shows him when policy dividends are due; a current file of names of people to see next day or next week, and a file of renewal premiums. Every month his files give him good reason to get in touch with some one. He is satisfied if he adds one good name a week to his new prospect file.

Gets Down to Brass Tacks

When he calls on a new prospect, Mr. Coursen tells his business right off the bat, giving his name and company. He states that in the majority of cases he has been able to increase the efficiency of a man's insurance estate and he would like to serve the prospect in this manner. He tries to get the man's policies on his first call, otherwise he could not intelligently advise a program. Many agents are doing this today and to get policies it is necessary to be a better and more resourceful agent than the average.

Social security, Mr. Coursen finds, is an excellent approach. He said that undoubtedly social security has been instrumental in making many life insurance sales which otherwise would never have been made. He distinguishes the service an agent can do in this respect

between coordinating life insurance with social security benefits and merely putting life insurance on top of social security.

The prospect with \$5,000 life insurance may think he has a lot of life insurance, but it is too little to do a programming job. However, when he begins to see his plans work out when the agent tells him what his social security benefits will do, he is in a different frame of mind. Most people have no idea what social security means to them, Mr. Coursen said.

Urges Study of Group Business

There are more obstacles in selling life insurance today and more legitimate objections to buying than there have been in the past, Mr. Coursen stated. Although he personally has never sold a group or pension trust case, Mr. Coursen thinks that agents should develop themselves to be able to sell that business. The field of prospects for individual sales has been narrowed by the development of many group and pension plans, he said.

Pay-as-you-go-taxes will eventually work in favor of the agent in selling, but it may have a deterring effect at the moment. Although many people have more money because they are not making installment purchases and have paid off their debts, they are spending it for amusements and buying better clothes than they have ever worn before.

BIRTH DATES VALUABLE

Mr. Coursen says it is a good plan to get birth dates of wives and children of policyholders and put their names also in the change of age file. He said he had not sold as many policies on wives and children as he should have done.

Starting with Equitable Society in 1918 with the Woods agency in Pittsburgh, Mr. Coursen entered the business purely by accident, meeting W. M. Duff

of that agency through a mutual friend. He was dissatisfied with his previous progress and decided to try his skill in life insurance. He came to New York in 1922, where he has since remained.

Interested in Many Current Questions

(CONTINUED FROM PAGE 6)

than they can take care of. At present, therefore, railroad bonds appear to be safe but it must be remembered that the roads may have serious problems after the war when normal travel, express and freight shipment levels are resumed. The question therefore to be considered in the purchase of railroad bonds is what will be the likely prospects in the years to follow. That should be a determining factor. He would be interested in the character of the management of the roads.

The same holds good, he said, in regard to industrial bonds. He would go behind the returns and study the management, the prospects of a business, the history, the character of it. When there is any sign of danger in connection with a security he said it should be gotten rid of at once. So far as the Continental Assurance is concerned, he said that it is investing three-fourths of its increase in admitted assets in government bonds.

Believes Present Rate Will Continue

Mr. Clark gave it as his opinion that the rate of interest is about as low as it will go. He thinks that the rate will be maintained for the duration of the war.

In considering loans on housing projects Mr. Clark said that he would want a FHA guarantee. One of the officials inquired whether he would not sanction a loan on dwellings of a reasonable price because there will be great need for more housing facilities. This question interests the Negro companies very much as in almost all places there is a congestion of people living in the same houses and there is great need for more facilities. Mr. Clark said that he would want to know the character of the locality, the possibility of its being maintained as a desirable residential area and that there be no factors in sight that would tend to depreciate the property. He thinks that where loans are made without the FHA guarantee the utmost care should be used. He advised diversity in investments and not tending toward one special class. In other words, he said, a company should not have too many eggs in one basket.

He said that undoubtedly there will be a change in growth of cities. There will be new subdivisions established. Some present desirable sections will deteriorate. There will be modernization in home construction, he said. All this must be taken into account because the older houses will depreciate rapidly. A company cannot afford to have on its hands too many of these older residences especially in what might be termed borderline areas.

Mr. Clark characterized the future as an era of transportation. Thousands of men are learning to be pilots on airplanes. When they return from the service many of them will continue to be fliers. Commercial flying will be greatly developed. Likewise private individual airplanes will be very numerous. Furthermore he said that there would be a great advance in the chemical industry. This is being shown now in the many plastic varieties that are coming forth. All this has a bearing on industrial bonds which will be in the

San Francisco Woman Agent Meets With Success in Sales to Men

Mrs. Bruce M. Ashton of the Great-house agency of the Connecticut General Life at San Francisco took up her work with the company after several years experience as sales manager for a book publishing house. She has made a real success in selling insurance to men and in an address at a sales congress she spoke of two factors that affect the situation. One definitely favors the woman agent and one may be chalked up as an advantage for the men. The prospect is accustomed to having the woman of the house control the budget. He probably writes the checks but the wife usually decides on how the family income shall be spent. Mrs. Ashton calls attention to the fact that 85% of all commodities are purchased by women and so the average man believes that the woman agent does know about how much it would take his wife and children to live on if he were not on the job. Mrs. Ashton speaks from personal experience and her prospects soon know that she has been the head of the household, bringing up a young son as well as attending to her regular business. Therefore she gets the attention of the men in telling about how much monthly income she feels is actually needed to provide for his house.

The other point referred to favors the man agent because many men do not like women in business and Mrs. Ashton senses it easily on the first interview. She gets out of it as diplomatic-

ally as possible but maintains his good will.

In regard to personal insurance she favors a fact finding interview which usually uncovers basic needs. In this interview she allows the man himself to work out the amount of income he would desire to provide for the family. She endeavors to put the prospect in a position of asking her to help him figure out a way to get what he himself has set as the amount needed.

Mrs. Ashton tells the prospect that if he wants to buy just enough life insurance to see the children through the dependency period he is buying simply a cloth coat. If he adds enough for a college education, etc., he is buying a fur trimmed coat. If he wants to go the whole way of providing for the children's dependency period, college education, and then a life income for the wife he buys on the fur coat plan.

When it comes to selling business insurance Mrs. Ashton says it rests upon cold, hard, business facts. Then an agent has to know what he is talking about and has to have a definite reason to offer for the program recommended. She thinks a woman has an edge here if she knows anything about taxes, partnership insurance and key man protection. Mrs. Ashton finds that when she unfolds her knowledge of business or what she calls shock insurance the prospect is surprised that she knows about this type of protection.

market. There will be much new construction along different lines and officials will need to have a prophetic instinct to peer into the future.

QUESTION OF APPRAISALS

The question was raised as to appraisals. Mr. Clark called attention to the fact that following World War No. 1 companies had to foreclose on properties that had been overloaned. The valuation had been too high. Therefore it is highly necessary to get a proper appraisal of property on which a loan is made. One official asked him if he did not think it would be a good idea for the actuaries to make the valuations because they were dealing in figures and could calculate more accurately the value of a building on the basis of the rental income. Mr. Clark disagreed with this. He did not think that the actuaries naturally would make good appraisers. He said that he would rather depend on a first-class intelligent, well informed independent appraiser.

Some valuable lessons, he declared, were learned from the last depression. One that sticks out very prominently is getting a correct valuation before a loan is made. Some years ago loans were made for a three or five year term and renewed without change. Under the new plan a long term loan can be made on an amortized basis so that the principal is reduced from year to year. Therefore the amount of the loan is being cut down.

Views on Farm Loans

Mr. Clark was asked about his views on farm loans and he replied that he was in favor of them provided the locality was desirable, the soil fertile and the farm well kept up. He would want to know the character of the farmer or the owner. In any event he said that he would not grant a loan for more than two-thirds of the value of the property. It would be better to keep it down in some way to 50%. He explained that in Illinois before the law was amended domestic companies could not go beyond 50% but other states allowed two-thirds and therefore Illinois companies were hampered. They now can loan on a two-thirds basis. That, in his opinion, should be the maximum.

Values were greatly inflated before the last depression. The amortization practice was not in effect in most cases. Therefore he does not think that life companies will be confronted with the distressing condition that they found themselves after World War No. 1.

Comment on Guertin Law

Mr. Clark referred to the Guertin act which has been passed in some dozen or more states and he commended it highly. He said that heretofore the non-forfeiture values have been linked up with the interest assumption for policy reserves. Now they are apart. A company can go on a lower interest assumption without disturbing the non-forfeiture values. He gave it as his opinion that every company should get at least on a 3% basis. He thinks that under present conditions even a 3½% basis might be embarrassing to a company when the average interest earning is calculated. There are old bonds and mortgages than run more than 3½% but new issues, he said, run below that so that a company cannot be considered conservative if it keeps up to the 3½% basis.

Inasmuch as Mr. Clark was formerly connected with the New York insurance department and became its first deputy he was asked a question as to policy of

Prudential Assurance Joins the Sales Research Bureau

The Canadian branch of Prudential Assurance of London joins the Sales Research Bureau. The Canadian branch, which is located in Montreal, is under the direction of Frank C. Capon as life manager for Canada. A. C. Galbraith is the manager of life agents for Canada. This brings the bureau membership up to 131, with 102 companies domiciled in the United States, 19 in Canada, and 10 associate members in Argentina, Brazil, India, Mexico and Sweden.

companies in approaching a department on some controversial issue, he being asked whether in his opinion he thought it advisable to send an attorney or for an official or officials themselves to make the visit.

Mr. Clark said in substance: "If the issue involves a legal one such, for instance, as a change in a company's charter or purely some question of law, it probably would be necessary for counsel to take care of this matter. In almost all cases where the legal question is not paramount I think it highly advisable for officials to go themselves and lay their cards on the table face up. An official should never try to deceive the insurance commissioner. He will be discovered later on and thereafter he will be embarrassed in his relations with the department. The commissioner and his associates can soon discover deception or misrepresentation. There is nothing that is more distressing to a management than to be caught in anything of this character. The commissioner is prejudiced against such a management. Even if the question is a very serious one and may reflect on a company it pays officials to act on the square, be frank and candid in their dealings with an insurance department."

One of the officers stated that in some cases the issue might be colored politically. It might not have a legal phase or even be much of an issue. However, it is raised possibly in some states to create a controversy between the department and the company and thus provide a client for a political attorney. Mr. Clark said that he still felt that it would be wiser for the officials themselves to deal with the department.

One of the officials brought up the question of loans on churches. Mr. Clark said that he had no definite information on the subject but others in the audience were inclined to believe that church loans were not very desirable. Some had had an unfortunate experience.

SOCIAL SECURITY

Insurance is playing an important part in the battle of democracy against fascism. G. Stevens Marchman of the accounting firm of Blayton, Marchman, Martin & Co., Chicago, said in his talk on "The Influence of Changing Social Frontiers Upon Burial and Industrial Insurance." He stressed the fact that insurance is a cornerstone of free enterprise. The bills in Congress that propose extension of social security are of great concern to insurance people. If they pass in their present form then it is goodbye to Negro industrial insurance, he asserted.

Mr. Marchman wondered if the Negro insurance concerns could help develop a pressure group method of meeting the challenge. However, he said, with so many Negroes ineligible to vote, perhaps a better way would be to work out a plan of cooperation with other insurance concerns writing industrial business.

Which Is Economical Method?

He said that the question is bound to be asked, whether social security would not offer more benefits at less expense to the people than insurance. Thus the government would take over the function of the small insurers such as those operated for the Negro people. He said

he was undecided what should definitely be recommended to clients of his firm for meeting the situation. He wondered whether it is economically sound to support the government plan or to uphold present arrangements and to compete with the government in the field of social security.

One of those attending the convention commented that Americans have had the choice in the past of doing these things for themselves, and he said he believed that they would like to continue to have that choice. Consequently, in any move to oppose social security extension, he sees no reason why the insurance companies should not have the support of American policyholders.

Committee Reports Given

President Spaulding opened the Thursday morning session, J. E. Robinson, chaplain of the association, gave the invocation. Following Mr. Marchman's talk committee chairmen made their reports: Dr. T. W. Josey, Negro Health Week; J. T. Betch, Afro-American Life, Negro Insurance Week; A. P. Bentley, Negro Collection Month; M. S. Stuart, Universal Life, Memphis, Tenn., war bonds and stamps; B. T. Bradshaw, Virginia Mutual Benefit Life, first vice-president of the association, vigilance committee, and historian's report, Mr. Stuart. J. C. Thomas, special assistant to the director of domestic operations, American Red Cross, spoke on "Humanity at Home and Abroad," and Willard W. Allen, senior promotional specialist of the war savings staff of the Treasury on "War Bonds and Stamps." Dr. S. W. Smith, Victory Mutual Life, Chicago, discussed the problem of reducing syphilis infection among Negro insured, and suggested that the Negro insurers might well spend a considerable amount on a program to lower the infection rate, a result that would save them vast sums of money. A. Victor Williams also spoke for the insurance week committee.

New Officers Chosen

New officers and members of the executive committee elected are:

President, Booker T. Bradshaw, Virginia Mutual Benefit Life, Richmond; first vice-president, C. W. Greene, Atlanta Life; second vice-president, Dr. C. B. Powell, Victory Mutual Life, Chicago; third vice-president, Ralph Stewart, Afro-American, Jacksonville, Fla.; fourth vice-president, Dr. Robert Greenage, Great Lakes Mutual, Detroit; secretary, Albert P. Bentley, Fireside Mutual, Columbus, O.; assistant secretary, A. V. Williams, Louisiana Industrial Life, New Orleans; treasurer, A. M. Carter, Pilgrim Health & Life, Augusta, Ga.; actuary, Maceo Walker, Universal Life, Memphis; statistician, Miss Mamie C. Hickerson, Supreme Liberty Life, Chicago; historian, M. S. Stuart, Universal Life; general counsel, J. Leonard Lewis, Afro-American; sergeant-at-arms, J. A. McKenzie, Provident Home Beneficial, Philadelphia.

Executive committee: Asa T. Spaulding, North Carolina Mutual, Durham, N. C., chairman; C. L. Townes, Virginia Mutual Benefit, Richmond; L. J. Livingston, Jackson Funeral System, Chicago; L. H. Lightner, American Woodmen, Denver; J. Edward Harris, Richmond Beneficial.

W. Ellis Stewart, secretary Supreme Liberty Life of Chicago, was made chairman of a committee to work out a plan of using the radio in an educational campaign as a gesture of good will toward the white race because of the race riots in Detroit and in some southern sections. It was felt that with some interested, influential, white people who are acquainted with the situation assisting in the enterprise much prejudice could be eliminated.

The association will hold its 1944 annual meeting in Louisville.

Liberto Great Southern Leader

Sam Liberto of San Antonio, was the leader of Great Southern Life in submitted and paid for business for the club year which ended June 30.

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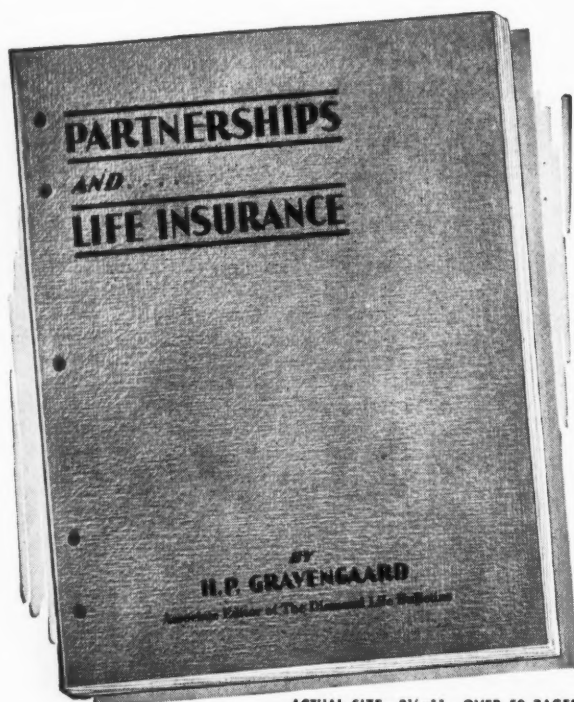
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